

RICH HISTORY, PROMISING FUTURE

TASNEEالتصنيع

Charting the Course of Remarkable Growth

 **Annual Report**  
2023



بسم الله الرحمن الرحيم

In The Name of Allah The Merciful and Compassionate





Custodian of the Two Holy Mosques  
**King Salman Bin Abdul Aziz Al-Saud**

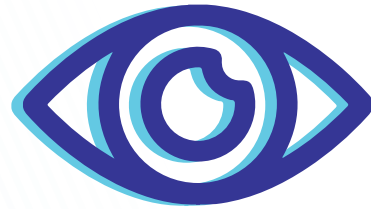


His Royal Highness  
**Prince Mohamed Bin Salman Bin Abdulaziz Al-Saud**  
Crown Prince and Prime Minister



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## Our Vision

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To optimize stakeholders' returns  
and contribute to industrialization  
by pursuing ambitious opportunities



## Our Mission

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To consistently operate at high  
standards of agility, efficiency,  
sustainability and innovation in  
the petrochemicals industry





## Our Values



### EXCELLENCE

We believe that good is not good enough, we strive to do more with agility and speed. We show excellence in our processes.



### INTEGRITY

We do what is right as a role model to others and treat people with respect, never bending the rules.



### SEEKING KNOWLEDGE

We actively interact with the stakeholders. We are open to continuous learning and creative thinking.



### TEAMWORK

We respect individual skills and backgrounds, and we believe that we are smarter together.



## Message from the Chairman

### Eng. Mubarak A. Al Khafrah

I am pleased to extend, on behalf of myself and my fellow members of the Board of Directors, my sincere gratitude and appreciation to the shareholders of Tasnee for their valuable trust in the company's performance, which contributes to achieving further sustainable growth. I would also like to express my gratitude to the company's management, as well as all of its employees and the employees of its subsidiaries, for their dedication and contributions to improving performance and advancing the business.

Despite the relative flexibility displayed by the global economy in 2023, it is likely to face more challenges in 2024 due to geopolitical issues in Europe, the Middle East, and the Red Sea, as well as disruptions in supply chains and expected energy price hikes. While emerging economies are expected to perform better, advanced economies are

projected to be more affected, and the Chinese economy is expected to face pressures due to a weak real estate market, reduced government incentives, weakened demand for goods, and a declining population.

The Saudi economy at a regional level has benefited from the positive improvements shown by private sector performance across various sectors and achieving positive growth rates in non-oil GDP. This is a result of the measures taken to empower the private sector over the past five years, especially after the completion of the initial phase of the Saudi Vision 2030 projects. It is expected to have a stronger performance compared to other emerging markets in 2024.

At Tasnee, in line with the company's updated strategy announced in 2022, which aims to double revenues by 2030, achieve positive returns for all Tasnee companies, achieve the highest return on invested capital among Saudi petrochemical companies by 2026, and achieve carbon neutrality by 2060, the company's management has begun working towards these goals. This includes starting the expansion project of the Ethylene Cracker plant, of Saudi Ethylene and Polyethylene Company (SEPC), and awarding the contract for engineering, procurement, and construction (EPC) for the project. The promising operating performance of the company's assets and intensifying growth efforts in the petrochemicals domain will provide greater opportunities for Tasnee employees growth and career progression, in support of our

corporate goals of reducing voluntary turnover and empowering employees.

Similarly, Tasnee Technology and Innovation Center has continued to play a crucial role in driving research and business activities, improving and supporting various business areas, achieving milestones, developing new products, registering patents, and expanding technical support to explore and solve factory issues.

The company has been awarded with King Khalid Award for Excellence in Standards in the field of governance and has been honored by HRH Prince Faisal bin Khalid bin Abdulaziz, Advisor to the Custodian of the Two Holy Mosques, Chairman of the Board of Trustees of the King Khalid Foundation, and President of the King Khalid Award, during the ceremony of honoring the winners. Tasnee has also won the the Occupational Safety and Health Pioneers Award in its third edition 2023, granted by the Ministry of HRSD as part of the competition among national companies in the private sector.

Tasnee achieved reasonable results during 2023 despite the decline in its profits to 165 million Saudi riyals compared to the profits of 2022, which amounted to 666 million riyals, primarily due to the decrease in average selling prices of products as a result of decreased demand.

In the field of corporate social responsibility, Tasnee has continued contributing its resources

to serving the community and providing tangible and positive economic and social programs that align with the needs of society and align with Saudi vision 2030. As a result of these outstanding efforts, Tasnee has received significant recognition from officials and social responsibility partners. It was honored as part of the "Ehsan Platform Largest Donors" under the patronage of HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, and in the presence of HRH Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh. Tasnee was also honored by HRH Prince Sultan bin Salman bin Abdulaziz, Advisor to the Custodian of the Two Holy Mosques and Chairman of the Board of Directors of the Children with Disability Association, and HRH Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province.

At last, I am looking forward to further success and growth in the coming years, both for Tasnee and the national economy. I also hope that the global economy will be able to overcome the current challenges. I also pray to Allah to protect our country and the world from all harm and to perpetuate the blessing of security, safety and stability under the wise leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and his faithful Crown Prince, may Allah protect them.

**Mubarak A. Al-Khafrah**



## Message from the CEO

### Eng. Mutlaq H. Al-Morished

Firstly, I extend my greetings and sincere thanks to the members of the Board of Directors for their trust and continuous support towards the company's management, which has formed a strong foundation for the company's growth, progress, and business development. I also express my gratitude to the employees of the company and its subsidiaries for their dedication and contributions, and their significant role in maintaining the momentum of success and sustainable growth in all company operations.

The Saudi economy has maintained its achievements from previous years, despite a contraction in the fourth quarter of 2023. The economy has effectively benefited from measures aimed at empowering the private sector over the past five years, enabling it to enhance performance, foster innovation, and compete both domestically and internationally. Forecasts indicate that 2024 will witness a leap in non-oil activities,



with the Saudi economy expected to deliver a strong performance among emerging markets, driven by the completion of the first phase of the Vision 2030 projects. Conversely, there are less optimistic expectations regarding the global economy, which faces increasing challenges related to geopolitical issues in Europe and the Middle East, as well as trade route challenges. Advanced economies are expected to be more affected, while the Chinese economy is likely to face pressures due to various challenges.

As for Tasnee, as part of the company's strategy to increase revenue and expand its petrochemical business, a contract for engineering, procurement, and construction was awarded in December 2023 for the expansion of the company's ethylene cracking plant, Saudi Ethylene and Polyethylene Company. As a result, we will be able to increase olefins production by 18% by the first half of 2026. The company is also working on developing and implementing a range of new projects aimed at achieving growth, maximizing potential, and expanding its presence in the petrochemical sector through growth initiatives, mergers, and potential acquisitions.

Furthermore, the company has continued to improve its performance, production rates, and sales, achieving further successes across all its business units. The Technology and Innovation Center has played a vital role

in enhancing, developing, and supporting operations, achieving milestones.

Additionally, the year witnessed the success of the Advanced Smelting Industries Company (ASIC), one of Tasnee affiliates, in exporting its first shipment exceeding 37 thousand tons of pig iron to the United States of America, through the Jazan City for Primary and Downstream Industries Port, to be the first exporter through the Port to the United States. Tasnee also has signed a memorandum of understanding (MoU) with both Ministry of Investment (MISA) and BOEING company, in presence of HE Minister of Investment Eng. Khalid A. Al Faleh, and HE Chairman of Tasnee Eng. Mubarak A. Al Khafrah.

In terms of the company's financial results, Tasnee recognized a net profit of 175 million Saudi Riyals during the fiscal year ending on December 31, 2023, compared to a net profit of 666 million Saudi riyals during 2022. The decrease in net profit during 2023 compared to the previous year is primarily attributable to decrease in sales revenue and share of profit from investments in joint ventures and associates due to lower average selling prices, non-cash tax charge due to change in accounting estimates with respect to the deferred tax assets related to an associate (Tronox Holdings plc.) and increase in cost of sales, selling and distribution expenses and financing costs, despite increase in sales volumes of most of the products, decrease in

general & administrative expenses, impairment of non-financial assets, zakat provisions and higher Murabaha income.

Furthermore, Tasnee was recorded in Forbes Middle East's annual lists in 2023 for the "100 Most Powerful Companies" among the top 10 industrial companies in the Middle East, and the "Most Inspiring Saudi Companies in Developing a Culture of Innovation", and the "Top 100 Sustainable Leaders in the Middle East".

Finally, we hope that the global economy surpasses the current stages of slowdown and that the pace of growth returns to higher rates. I also hope that the national economy continues to grow sustainably in the coming years. I pray to Allah Almighty to perpetuate the blessing of security, safety, and stability for our country under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and his Crown Prince Mohammed bin Salman, may Allah protect them

**Mutlaq H. Al Morished**



## Board of Directors' Report for 2023

**Dear Tasnee Shareholders,**

The Board of Directors of the National Industrialization Company “Tasnee” is pleased to present to the shareholders the company annual report prepared in accordance with the Corporate Governance Rules, Rules on the Offer of Securities and Continuing Obligations, and the Company’s ByLaws. Covering Tasnee’s activities and performance for the fiscal year ending 31 December 2023, this report is accompanied by audited consolidated financial statements, and notes attached thereto, and include the most important developments in company’s performance and activities.







The National Industrialization Company “Tasnee” is a Saudi joint-stock company, founded 39 years ago according to the Ministerial Resolution No. 601 in 19 September 1984, under CR No. 1010059693 dated 25 June 1985, where the current share capital is SAR 6,689,141,660.

The Company’s major activities involve investing in the industrial field; transferring advanced industrial technology to Saudi Arabia for the manufacturing and processing of petrochemicals, engineering and mechanical industries, management and possession of industrial projects, and marketing of its various products. The activities of Tasnee subsidiaries include manufacturing and marketing of industrial products. In petrochemicals, the activities include production of ethylene, polyethylene, propylene, polypropylene, butyl acrylate, acrylic acid, super absorbent polymers and butanol.

The Company’s industrial activity includes the production of titanium sponge, dry and liquid vehicle batteries and lead, all types of plastic products, and acrylic sheets. Other activities include marketing plastic products and batteries; providing technical services; conducting technical testing of equipment; and operating industrial, chemical, petrochemical, and metallurgical, water desalination and power generation plants. The company is one of the largest global investors in titanium dioxide through its ownership in the American listed company “Tronox”.

## Financial Highlights

Saudi Riyals '000

Revenues

3,566,959

Cost of Revenue

3,202,483

Total Assets

25,381,578

Total Liabilities

13,193,460

Gross Profit

364,476

EBITDA

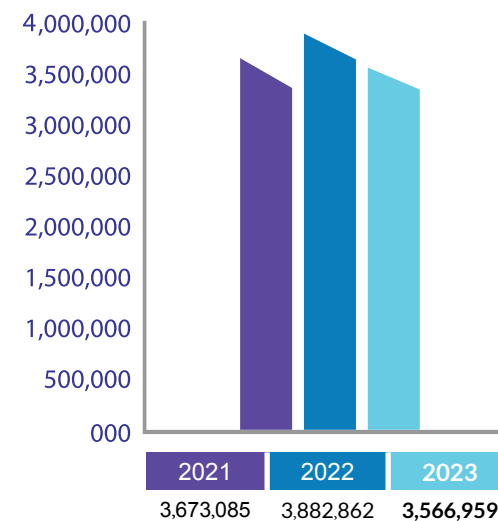
1,050,617

Net Profit

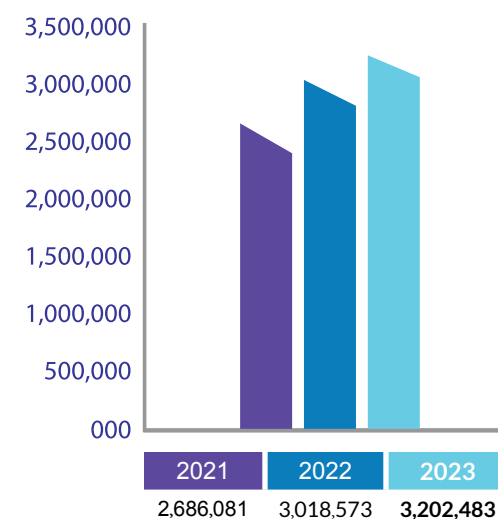
174,568

Earning Per Share

SR 0.26

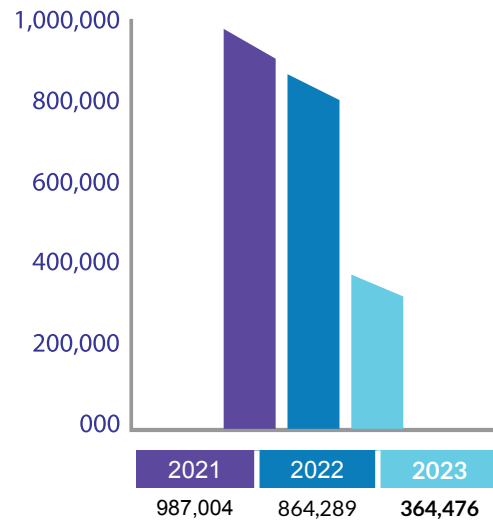
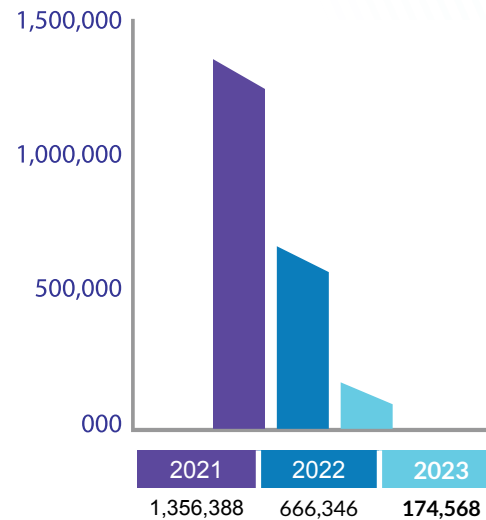
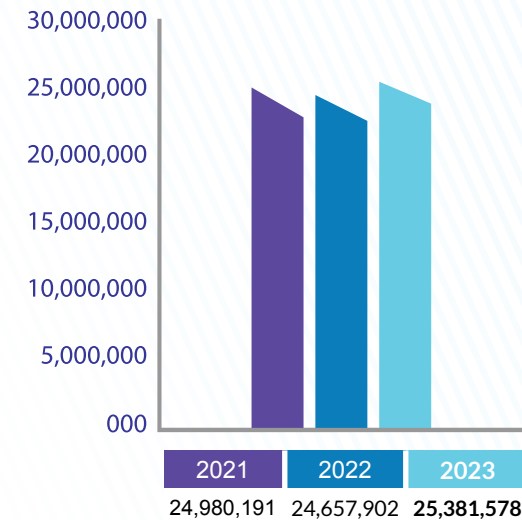
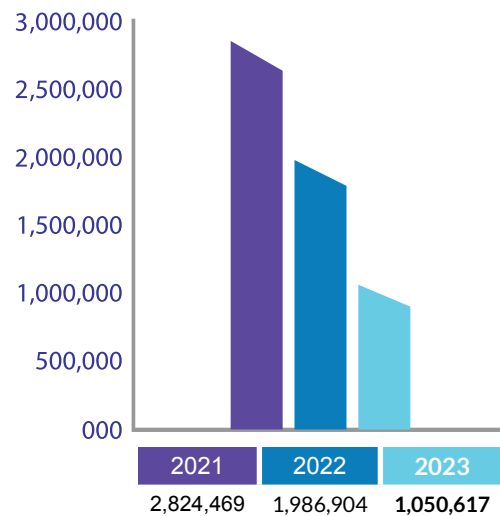
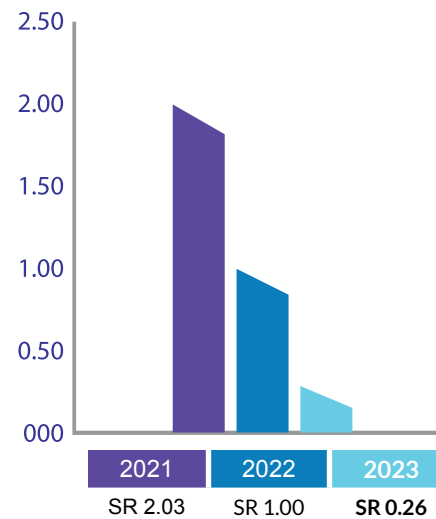
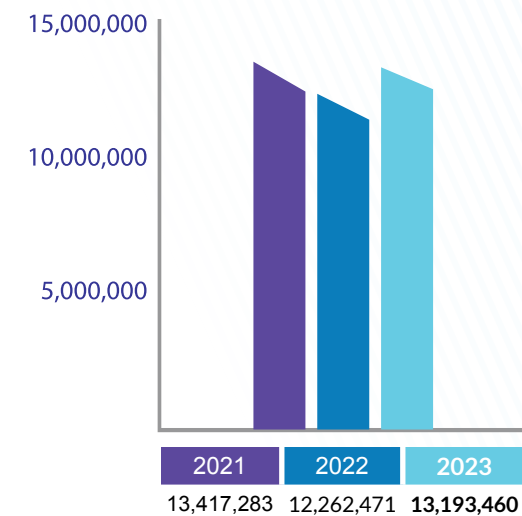


Revenues



Cost of Revenue



**Gross Profit****Net Profit****Total Assets****EBITDA****Earning per Share****Total Liabilities**

# 1- Board of Directors, Committees, and Executive Management



## The Board Members



Eng. Mubarak A. Al Khafrah  
Chairman



Eng. Talal I. Al Maiman  
Vice Chairman



Mr. Bader A. Al Dakhil  
Board Member



Mr. Saud S. Al Juhani  
Board Member



Eng. Abdulrahman S. Al-Sayyari  
Board Member



Eng. Mutlaq Al Morished  
Board Member



Mr. Musaab S. Al Muhaideb  
Board Member



Eng. Abdullatif K. Al-Mulhem  
Board Member



Mr. Fahad A. Al Mishal  
Board Member



Mr. Ahmed N. Al Theabi  
Board Member



## Executive Management



Eng. Mutlaq Al Morished\*  
CEO



Mr. Fawaz Al Fawaz\*  
Executive VP - Finance  
& Support Functions



Dr. Fadi Trabzuni  
Executive VP - Metallurgy



Dr. Zekeriyya Gemici  
Executive VP - Strategy and Growth



Eng. Khalid Al Khater  
VP - Manufacturing



Eng. Yasser Al Daajani  
VP - Commercial & Business



Dr. Suliaman Al Khattaf  
VP - Technology & Innovation



Eng. Saeed Al Ajrafi  
VP - Downstream

\* The Board of Directors resolved the resolution No. 263/B/2024, dated 06/03/2024 and accepted the resignation of Eng. Mutlaq H. Al Morished from his position as the CEO of the Company due to his desire for retirement, effective at 31/03/2024 and appointed Mr. Fawaz M. Al Fawaz as the CEO of the Company starting from 01/04/2024.



## 1-1 Formation of the Board of Directors, Status of Membership and Board Meetings

Subject to Article (13/1) of the Company's Bylaws, the Board of Directors consists of 10 members. The 25th Ordinary General Assembly held on 20/04/2022, elected Board members for the 13th term. The Board's term is three years from 06/07/2022 until 05/07/2025. The Board of Directors conducted 4 meetings in 2023 as follows:

	Board Member	Membership Status	Meetings			
			05/03/2023	10/04/2023	12/09/2023	27/12/2023
1	Eng. Mubarak A. Al Khafrah	Non-Executive	√	√	√	√
2	Eng. Talal I. Al Maiman	Non-Executive	√	√	√	√
3	Mr. Badr A. Al Dakheel	Non-Executive	√	√	√	√
4	Mr. Saud S. Al Juhani	Non-Executive	√	√	√	√
5	Eng. Mutlaq H. Al-Morished	Executive	√	√	√	√
6	Mr. Musaab S. Al Muhaideb	Independent	√	√	√	√
7	Eng. Abdulrahman S. Al-Sayyari	Independent	√	√	√	-
8	Eng. Abdullatif K. Al-Mulhem	Independent	√	√	√	√
9	Mr. Fahad A. Al Mishal	Independent	√	√	√	√
10	Mr. Ahmed N. Al Theabi	Independent	√	√	√	√

## 1-2 Names of Companies, committees, and corporate bodies where the member serves or has served as a Board member or director:



**1- Eng. Mubarak A. Al Khafrah**

**Chairman  
Non-Executive Member**

### Educational Qualification

Al Khafrah holds a B.Sc. in Industrial Engineering from the United States (1973) and a postgraduate diploma from Canada (1976).

### Work Experience

Eng. Al Khafrah is currently the Co-Chairman of Saudi German Business Dialogue (NUMOV), the Member and Co-Chairman of U.S.-Saudi Arabian Business Council, and he is the Member of the Board of Trustees in King Salman Center for Disability Research. Previously, he was the Vice-Chairman of Saudi-Japanese Business Council, Board member in General Organization of Petroleum and Minerals (Petromin), Technical and Vocational Training Corporation, Saudi-British Business Council, Riyadh Region Council and Chairman of the Economic Committee of the Council and member of Offset Program Committee.

He assumed many leadership positions in government entities including Deputy Minister for Industrial Affairs at Ministry of Industry and Electricity, member of the Shura Council, member of the Board of Directors in the Saudi Industrial Development Fund (SIDF), the Royal Commission for Jubail and Yanbu, and The Saudi Arabian Standards Organization, Metrology and Quality Organization. In addition, he assumed several positions in the Ministry of Industry and Electricity, including Secretary General of Foreign Investment, Director of the Engineering and Projects Department, Director of the Industrial Protection Department, Chairman of the Foreign Investment Committee and Chairman of the Technical Committee for Customs Duties Exemption on Imported Industrial Goods.

### Current Board Memberships

Chairman, Saudi Polyolefin's Company  
 Chairman, Saudi Ethylene and Polyethylene Company  
 Chairman, Tasnee & Sahara Olefins Company  
 Chairman, Al-Khafrah Group Holding Company  
 Board Member, Gulf Chemicals of Industrial Oils. (GCIR)  
 Chairman, Non-Woven Industrial Fabrics Factory Company (TEXOFIB)  
 Chairman, Saudi Carbonate Company Ltd. (SCC)  
 Chairman, Saudi Bitumen Industries Co. Ltd. (SABIT)  
 Chairman, National Lighting Company (NLC\_SA)  
 Chairman, Industrial Development Company (IDC)

### Previous Board Memberships

Chairman, AlAwwal Bank  
 Chairman, Nasco Saudi Arabia Insurance  
 Chairman, Air Liquide Al Khafrah Industrial Gases  
 Chairman, Malath Insurance Reinsurance Company (MALATH)  
 Chairman, Eastern Petrochemical Company (SHARQ), SABIC Affiliate  
 Chairman, National Company for Glass Industries (ZOUJAJ)  
 Chairman & CEO, National Petrochemical Industrialization Company (NPIC)  
 Chairman, Saudi Methanol Company (AR RAZI), SABIC Affiliate  
 Vice Chairman, Arabian Axles Manufacturing Co  
 Board member, Saudi Basic Industries Corporation (SABIC)  
 Board member, Saudi Consulting House  
 Board Member, Gulf Organization for Industrial Consulting "GOIC"  
 Board member, Saudi Arabian Industrial Investments Company  
 Board Member, QInvest Qatar



## 2- Eng. Talal I. Al Maiman

Vice Chairman  
Non-Executive Member

### Educational Qualification

Eng. Al Maiman has a Bachelor's Degree in Electrical Engineering from the University of Evansville, Indiana (1979); a Diploma in Computer Science from Herndon, Virginia (1981); and a Master's in Business Administration from the University of Liverpool, UK (2009). He also took a diploma in executive management from Harvard University in 1986.

### Work Experience

Eng. Al Maiman is the CEO of Kingdom Holding Company since 2017. He is also the Chairman of the Strategic Committee, member of the Executive Committee as well as the Nominations and Remuneration Committee of Banque Saudi Fransi. Also, he is a member of the Executive Committee of the National Industrialization Company, and a member of the Executive Committee of Flynas Company. In addition, he assumed several positions in the Saudi Arabian Monetary Authority and the Ministry of Interior.

### Current Board Memberships

Board Member, Kingdom Holding Company

Vice Chairman, Banque Saudi Fransi

Vice Chairman, Flynas Company

Chairman, Real Estate Investment Company Ltd.

Chairman, Kingdom Schools Company Ltd.

Chairman, Kingdom Real Estate Development Company Ltd.

Board Member, Jeddah Economic Company

Chairman, Five Capital

Chairman, Saudi Fransi Capital

Chairman, Kingdom Investment & Development Company

### Previous Board Memberships

Chairman, Care Shield Holding Company

Chairman, Trade Center Co. Ltd.

Board Member, Savola Group

Board Member, Saudi Research and Marketing Group





### 3- Mr. Badr A. Al Dakhil

**Board Member**  
**Non-Executive Member**

#### Educational Qualification

Mr. Al Dakhil has a Bachelor's in Computer Science from Colorado State University, USA (2002), a Master's in Computer Science from King Saud University in 2006 and he graduated from Misk Leaders 2030 in 2021. He has a long experience in IT, management and strategic planning at the General Organization for Social Insurance.

#### Work Experience

Mr. Al Dakheel is the General Director of Business Solutions at the General Organization for Social Insurance (GOSI) and CEO of Masdar Data Solutions Company. He is also a member of the Audit Committee and the Risk and Governance Committee of the National Industrialization Company. He assumed several positions at the General Organization for Social Insurance including General Director of Development and Digital Excellence, General Manager of Systems and Support, Director of Applications and Systems Development and Technical Team Leader.

#### Current Board Memberships

Board Member, Masdar Data Solutions Company

Board Member, Mudad Business Information Technology Company

Board Member, Saudi Financial Technology Company



### 4- Mr. Saud S. Al Juhani

**Board Member**  
**Non-Executive Member**

#### Educational Qualification

Mr. Al Juhani holds a Bachelor's in Management Information Systems from King Fahad University for Petroleum and Minerals, Kingdom of Saudi Arabia (2001); a diploma in Actuarial Science from Mohanna Establishment in Lebanon (2003); a higher diploma in Actuarial Science from Kent University in UK (2007); and a Master's in Actuarial Science from Kent University (2008).

#### Work Experience

Mr. Al Juhani is the Assistant Governor for Insurance Affairs at the General Organization for Social Insurance (GOSI). He is also a member of the Nominations and Remuneration Committee and the Risk and Governance Committee of the National Industrialization Company. In addition, he assumed several positions at the Public Pension Agency, including Assistant Governor for Insurance Affairs and Director General of the Planning, Development and Studies Department.

#### Current Board Memberships

Board Member, The Saudi National Bank (SNB)

#### Previous Board Memberships

Chairman, Tabuk Cement Company

Board Member, Saudi Industries Development Company



**1- Eng. Mutlaq H. Al-Morished**

**Board Member  
Executive Member**

#### Educational Qualification

Eng. Mutlaq Al Morished holds a Master's in Business Management from Stanford University; a Master's in Nuclear Engineering from Princeton University; and a Bachelor's in Nuclear Physics and Mathematics from Denver University.

#### Work Experience

Eng. Al-Morished is the CEO of the National Industrialization Company since 2015. He is also Board member in Gulf Union for Petrochemicals and Chemical Manufacturers (GPCA) and GCC Board Directors Institute, Board member in the General Authority for Military Industries, Board Member in Small and Medium Enterprise Bank . He assumed the presidency of the Hadid Company, Sadaf Company and SABIC Capital Company in the Netherlands. In addition, he assumed several leadership positions in the Saudi Basic Industries Corporation (SABIC) including Executive Vice President of Finance, Head of the Metals Business Unit and Executive Vice President of Support Business. He also was member and consultant of Council of Economic Affairs of the Supreme Economic Council, Board member in the Saudi Airlines General Corporation.

#### Current Board Memberships

Chairman, National Metal Manufacturing & Casting Company  
Board member, Tasnee and Sahara Olefins Company  
Board member, Saudi Polyolefins Company (SPC)  
Board member, Saudi Ethylene and Polyethylene Company (SEPC)  
Board member, National Titanium Dioxide Company (Cristal)  
Board member, Advanced Metal Industries Cluster Co. (AMIC)  
Board member, City Group (Saudi Arabia)  
Board member, Tronox, USA

#### Previous Board Memberships

Board member, Inma Bank  
Board member, Alinma Tokyo Marine  
Board member, Bahrain Aluminum Company (ALBA)  
Board member, A.M. Bin Saedan Real Estate Co.  
Chairman, Saudi Kayan  
Chairman, Yanbu National Petrochemical Company (Yansab)  
Chairman, Alinma Investment Company  
Board member, Gulf Bank of Bahrain  
Chairman, SABIC Captive Insurance Company, UK  
Chairman, SABIC Capital (Netherlands)



## 6- Mr. Musaab S. Al Muhaidib

### Board Member Independent Member

#### Educational Qualification

Mr. Al Muhaidib holds a Bachelor's in Business Administration (Finance major) in 1999 from the University of Miami, Florida, USA, and a Master's in Business Administration in 2008 from the University of Liverpool, Britain.

#### Work Experience

Mr. Al Muhaidib is the CEO of Al Muhaidib Entertainment Ventures. Further, he is Board member in Riyadh Chamber of Commerce, Riyadh Economic Forum, and Industry and Gulf Family Business Council. He previously assumed the position of CEO, Masdar Technical Supplies Company. Also, he was the Board member in Saudi Shooting Federation. In addition, He was the Chapter Chair of Young Presidential Organization (UPO Saudi) and INSEAD Business School in Saudi Chapter.

#### Current Board Memberships

Chairman, Middle East Paper Co. (Mepco TASI)

Vice Chairman, Al Hasan Ghazi Ibrahim Shaker - LG

Vice Chairman, Al Hoshan Company

Vice Chairman, Saudi Crafts and Handicrafts Company

Chairman, SEEDRA Ventures

Chairman, EBDA Entertainment Company

Chairman, Masdar Building Materials Group

Chairman, Goldman Sachs Company

Chairman, Saudi Endeavor

Board Member, JLL Saudi

Board Member, Al Muhaidib Group

Member, Daily Mealz Consulting Council

Board Member, (Counselor) Sabbar Company

#### Previous Board Memberships

Board Member, Dur Hospitality Company

Board Member, Alrayyan Company

Board Member, Al Badia Cement Company

Board Member, Al-Latifia Trading and Contracting Company

Board Member, Thabat Contracting Company

Board Member, Giant Stores

Board Member, Asala Real-Estate Development Company

Board Member, El-Ebda'a Investment & Real Estate Company



**7- Eng. Abdulrahman S. Al Sayyari**

**Board Member  
Independent Member**

#### **Educational Qualification**

Eng. Al Sayyari holds a Bachelor's in Electrical Engineering from King Saud University in 1985.

#### **Work Experience**

Eng. Al Sayyari is a member of the Shura Council and a member of the Energy and Industry Committee of the Shura Council. In addition, he chairs the Nominations and Remunerations Committee and a member of the Executive Committee in the National Industrialization Company. He assumed several leadership positions in the Saudi Industrial Development Fund, including Assistant of the General Manager- Finance and Deputy Manager of Credit Department. Also, he worked as an Advisor to the Ministry of Industry & Mineral Resources.

#### **Current Board Memberships**

Board Member, Umm Al Qura Cement Company

#### **Previous Board Memberships**

Board Member of Marafiq Company



**8- Eng. Abdullatif K. Al Mulhem**

**Board Member  
Independent Member**

#### **Educational Qualification**

Eng. Al Mulhem holds a Bachelor's in Civil Engineering (infrastructure specialization) from Concordia University, Montreal in 2013, then he completed Mini Master's of Business Administration (Mini MBA) from Queen's University, Canada in 2016 .

#### **Work Experience**

Eng. Al Mulhem is the Managing Director of Khalifa Al Mulhem Holding Company. He is a member of the Executive Committee of the National Industrialization Company, a member of the Nominations and Remunerations Committee and a member of the Risk Committee of Bank Aljazira, a member of the Executive and Strategy Committee and a member of the Nominations and Remunerations Committee of Walaa Cooperative Insurance Company. He worked as a credit analyst and senior credit relationship manager at the Saudi Industrial Development Fund and as a civil engineer at Fluor Engineering and Construction Services Company.

#### **Current Board Memberships**

Board Member, Aljazira Bank

Board member, Walaa Cooperative Insurance Company





**9- Mr. Fahad A. Al Mishal**

**Board Member  
Independent Member**

#### **Educational Qualification**

Mr. Al Mishal holds a Bachelor's in Economic and Management in 1989 from the Qatar University, and an Advance Management in Senior Executive Program from London Business School. Also, he attended several leadership programs at London Business School, INSEAD University in France and the University of Oxford in the UK.

#### **Work Experience**

Mr. Al Mishal is currently a member of the Risk and Governance Committee in the National Industrialization Company. He previously assumed several leadership positions, including Vice President of Finance, Administration and Marketing at Advanced Petrochemicals Company, Director of Finance and Planning Ibn Zahr Company (a subsidiary of SABIC), CEO of the Baypol project in Turkey, and president of Jubail Business Council (Asharqia Chamber).

#### **Current Board Memberships**

Chairman, Sinyar Company



**10- Mr. Ahmed N. Al Theabi**

**Board Member  
Independent Member**

#### **Educational Qualification**

Mr. Al Theabi holds a Bachelor's in Business Administration from the King Abdulaziz University, and Diploma's in Accounting from Riyadh College of Technology.

#### **Work Experience**

Mr. Al Theabi is the Global Human Capital Director in Fawaz Abdulaziz Alhokair Co. (Cenomi Retail). He is currently a member of the Nominations and Remunerations Committee of the National Industrialization Company, a member of the Nominations and Remunerations Committee of Abdullah Saad Abu Moati Company for Libraries, a member of the Labor Policies Subcommittee at the Ministry of Human Resources, a member of the Human Resources and Labor Market Committee at the Chamber of Commerce, and a member of the Mukatafa Committee for Retailers. He assumed the position of the Chief Human Resources Officer in Saudi Company for Hardware (SACO), Director of Training and Education and Director of Human Resources at Al- Mujaz Education and Training Company and worked as a supervisor of public relations and human resources at Al-Sadhan Group.

#### **Current Board Memberships**

Board Member, Abdullah Saad Abu Moati Libraries Company

## 1-3 Executive Management



**1- Eng. Mutlaq H. Al-Morished\***

**CEO**

### Educational Qualification

Eng. Mutlaq Al Morished holds a Master's in Business Management from Stanford University; a Master's in Nuclear Engineering from Princeton University; and a Bachelor's in Nuclear Physics and Mathematics from Denver University.

### Work Experience

Eng. Al-Morished is the CEO of the National Industrialization Company since 2015. He assumed the presidency of the Hadid Company, Sadaf Company and SABIC Capital Company in the Netherlands. In addition, he assumed several leadership positions in the Saudi Basic Industries Corporation (SABIC) including Executive Vice President of Finance, Head of the Metals Business Unit and Executive Vice President of Support Business. He also was member and consultant of Council of Economic Affairs of the Supreme Economic Council, Board member in the Saudi Airlines General Corporation. He is also Board member in Gulf Union for Petrochemicals and Chemical Manufacturers (GPCA) and GCC Board Directors Institute, Board member in the General Authority for Military Industries, Board Member in Small and Medium Enterprise Bank .

### Current Board Memberships

Chairman, National Metal Manufacturing & Casting Company

Board member, Tasnee and Sahara Olefins Company

Board member, Saudi Polyolefins Company (SPC)

Board member, Saudi Ethylene and Polyethylene Company (SEPC)

Board member, National Titanium Dioxide Company (Cristal)

Board member, Advanced Metal Industries Cluster Co. (AMIC)

Board member, City Group (Saudi Arabia)

Board member, Tronox, USA

### Previous Board Memberships

Board member, Inma Bank

Board member, Alinma Tokyo Marine

Board member, Bahrain Aluminum Company (ALBA)

Board member, A.M. Bin Saedan Real Estate Co.

Board member, Saudi Airlines General Corporation

Chairman, Saudi Kayan

Chairman, Yanbu National Petrochemical Company (Yansab)

Chairman, Alinma Investment Company

Board member, Gulf Bank of Bahrain

Chairman, SABIC Captive Insurance Company, UK

Chairman, SABIC Capital (Netherlands)

\* The Board of Directors resolved the resolution No. 263/B/2024, dated 06/03/2024 and accepted his resignation from his position as the CEO of the Company due to his desire for retirement, effective at 31/03/2024 and appointed Mr. Fawaz M. Al Fawaz as the CEO of the Company starting from 01/04/2024.



## 2- Mr. Fawaz M. Al Fawaz\*

### EVP Finance & Support Functions

#### Educational Qualification

Mr. Al Fawaz holds a Bachelor's in Accounting from King Saud University and has attended several specialized courses in international centers. These include courses in Advanced Management, Financial Strategic Leadership of Companies and Shared Services, Management of Credit and Risks, Management of International Treasury, Financial Control, and Companies Governance.

#### Work Experience

Mr. Al Fawaz is the Executive Vice President of Finance and Support Functions at the National Industrialization Company. Also, he chairs the audit committee for Tasnee & Sahara Olefins Company, Industrialization, Energy Services (TAQA) and Saudi Chemical Holding Company. He previously held several leadership positions in the Saudi Basic Industries Corporation (SABIC) including Vice President of Finance, General Manager of Finance, General Manager of Accounting Services and Assistant Vice President of Finance at Sabic Marketing Company (Affiliate of Sabic). Previously, he chaired the audit committee of Rua Al Madinah Holding Company, Malath Insurance Company, Yanbu National Petrochemical Company (YANSAB) and member of audit committee at Bahrain Aluminum Company (ALBA). In addition, he served as a member of the Education and Training Committee and as a member of the International Financial Reporting Standards Transition Committee at the Saudi Organization for Certified Public Accountants, and a member of the Consultancy Committee of the Capital Market Authority for two consecutive terms.

#### Current Board Memberships

Board Member, Tasnee & Sahara Olefins Company  
 Board Member, Industrialization and Energy Services (TAQA)  
 Board Member, Saudi Chemical Holding Company  
 Chairman, Saudi Logistics Company (SAL)  
 Chairman, Saudi Acrylic Acid Company  
 Board member, Saudi Polyolefins Company (SPC)  
 Board member, National Titanium Dioxide Company (Cristal)  
 Board member, Advanced Metal Industries Cluster Co. (AMIC)

#### Previous Board Memberships

Board Member, Rua Al Madinah Holding Company  
 Chairman, Saudia Air Cargo Company  
 Board Member, Malath Insurance Company  
 Board Member, Bahrain Aluminum Company (ALBA)  
 Vice Chairman, Yanbu National Petrochemical Company (YANSAB)  
 Board Member, SABIC Center for Research and Development in India  
 Board Member, SABIC Capital (Netherlands)

\* Appointed as the CEO of the Company according to the Board's resolution No. 263/B/2024, dated 06/03/2024 starting from 01/04/2024.



**3- Dr. Fadi M. Trabzuni**  
EVP, Metallurgy

#### Educational Qualification

Dr. Trabzuni holds both a Master's and a Bachelor's in Chemical Engineering from King Saud University. He has a Ph.D in Engineering of Designs from Bradford University, Great Britain (2007) and a Master's in Executive Business Administration from the International Institute for Development of Directors, Lausanne, Switzerland (2016).

#### Work Experience

Eng. Trabzuni is the Executive Vice President of Metallurgy SBU at the National Industrialization Company, MD of AMIC, the Chairman & CEO of AMIC Toho Company, and General Manager, Gulf Titanium Limited Company. He previously worked as Executive Vice President of the Titanium Sector at the National Industrialization Company and held several leadership positions in the National Titanium Dioxide Company (Cristal) including Vice President for Strategy and Business Development, Vice President for Operations and Technology and Vice President for Research and Development. Also, he was leading Manufacturing Operations Development at the Saudi Basic Industries Corporation (SABIC).

#### Current Board Memberships

Board Member, Advanced Metal Industries Co. (AMIC)  
Chairman, AMIC Company -Toho Titanium - Limited



**4- Dr. Zekeriyya Gemici**  
EVP, Strategy & Growth

#### Educational Qualification

Dr. Gemici holds a Bachelor's in Chemistry and Biological Sciences, with a focus on Genetics and Development, from Cornell University, USA (2005). He completed a PhD in Chemical Engineering Practice at the Massachusetts Institute of Technology, USA (2010) and an MBA at the MIT Sloan School of Management, USA (2010).

#### Work Experience

Dr. Gemici is Executive Vice President of Strategy and Growth at Tasnee, Chairman of the Cybersecurity Steering Committee, Member and Secretary of the Tasnee Investment Committee and a member of the Tasnee Executive Governance, Risk, and Compliance Committee. He also assumed the position of Acting Executive Vice President of Downstream SBU at Tasnee between November 2019 and July 2021. In addition, he has served as CEO and Founder of RADITEK, Associate Partner at McKinsey & Company, Senior Associate at Booz & Company and Technical Consultant at Heptagon OY

#### Current Board Memberships

Chairman of the Board , TUV Middle East Co. Ltd (TUV ME)  
Chairman, Saudi Acrylic Polymers Co. (SAPCO)  
Chairman, Saudi Acrylic Monomers Co. Ltd (SAMCO)  
Board Member, Saudi Acrylic Acid Company (SAAC)  
Board member, Saudi Polyolefins Company (SPC)  
Board member, Saudi Ethylene and Polyethylene Company (SEPC)  
Board Member, Advanced Metal Industries Complex Company (AMIC)  
Board Member, AMIC Toho Titanium Company (ATTM)





**5- Eng. Khalid A. Al Khater**  
VP, Manufacturing

#### Educational Qualification

Eng. Al-Khater holds a Bachelor's in Chemical Engineer from King Fahad University Of Petroleum & Minerals (KFUPM) in 2000. He attended several leadership courses in International Centre for Training & Development such as Leading Business into the Future, Leading Creatively, Leadership Development Program, Enhancing Leadership Skills with Effective Interpersonal Interaction, Finance and Accounting.

#### Work Experience

Eng. Al Khater is Vice President for Manufacturing BU at the National Industrialization Company (Tasnee). He serves as a member of the Responsible Care Committee (RCC) and Global HSE Steering Committee in Gulf Petrochemicals and Chemicals Association (GPCA).

#### Current Board Memberships

Board member, Saudi Ethylene and Polyethylene Company (SEPC)  
Board member, Saudi Acrylic Polymers Co. (SAPCO)  
Board member, Saudi Acrylic Monomers Co. Ltd (SAMCO)  
Board member, Saudi Butanol Co. (SABUCO)



**6- Eng. Yasser F. Al-Daajani**  
VP, Commercial & Business

#### Educational Qualification

Eng. Yasser Al-Daajani holds a bachelor's degree in chemical engineering from King Fahad University of Petroleum & Minerals (KFUPM) in 2000. He attended several specialized courses from international centers including Advanced Management and Leadership, Marketing and Sales, Supply Chain Management and Finance.

#### Work Experience

Eng. Al-Daajani is Vice President for Commercial and Business BU at the National Industrialization Company (Tasnee). He has assumed the position of General Manager of Business Planning at Tasnee.

#### Current Board Memberships

Board member, Saudi Polyolefins Company (SPC)  
Board Member, Saudi Acrylic Acid Company (SAAC)  
Board Member, Saudi Acrylic Monomer Company (SAMCO)  
Board Member, Saudi Acrylic Polymer Company (SAPCO)  
Board Member, Evonik Tasnee Marketing Co. (ETM)



**7- Dr. Sulaiman S. Al Khattaf**  
VP, Technology & Innovation

#### Educational Qualification

Dr. Al-Khattaf holds PhD in Chemical Engineering from University of Western Ontario, Canada in 2001. Bachelor and Master's in chemical engineering from King Fahad University of Petroleum and Minerals (KFUPM) in 1992 and 1995 respectively.

#### Work Experience

Dr. Al Khattaf is Vice President for Technology and Innovation BU at the National Industrialization Company (Tasnee) and a member of the Research and Innovation Committee of Gulf Petrochemicals and Chemicals Association (GPCA). He previously assumed the position of Consultant at the Ministry of Petroleum and Mineral Resources, Professor of Chemical Engineering and Director of the Refining & Petrochemicals Center which is Research Institute at King Fahd University of Petroleum and Minerals. Dr Al-Khattaf lead several research projects in oil refining & petrochemical industries for many national and international companies. Also, he was a visiting researcher at OPEC HQ (Vienna).

#### Current Board Memberships

Board member, Saudi Polyolefins Company (SPC)



**8- Eng. Saeed A. Al-Ajrafi**  
VP, Downstream

#### Educational Qualification

Eng. Al Ajrafi holds a Master's in Business Administration (MBA) from Preston University (2008), a Bachelor's in Mechanical Engineering from King Fahad University of petroleum and Minerals (KFUPM) (1997), and a Business and Leadership Program, Stanford University (2020). In addition, He attended several courses in Advanced Management and Leadership and he has a long experience working for national and international organizations in the downstream industries.

#### Work Experience

Eng. Al Ajrafi is Vice President for Downstream BU at the National Industrialization Company (Tasnee). He is also a member of Hail Chamber of Commerce and a member of the Plastics Committee of the Gulf Petrochemicals and Chemicals Association (GPCA).

#### Current Board Memberships

Board member, Avient SA (formerly Clariant SA)

Chairman, National Inspection and Testing Company (FAHSS)

Board member, TUV Middle East Co. Ltd (TUV ME)

Board member, National Batteries Company

## 1-4 Audit Committee Independent Members from out of the Board of Directors



**1-Mr.Sami A.Alshenaiber**

**Audit Committee Chairman  
Independent Member**

### Educational Qualification

Mr. Alshenaiber holds a Bachelor's in Management Science (specializing in Accounting) from King Saud University (1987) and a Master's in Business Administration (MBA) specializing in accounting and Finance Administration, Sheffield University (1992).

### Work Experience

Mr. Alshenaiber is the Chief Financial Officer at Riyadh Airports Company (RAC). He previously assumed the position of Deputy Director General of Shared Services at the Human Resources Development Fund (HADAF), Director of Financial and Administrative Affairs at Saudi Company for Hotels and Tourist Areas (Dur), Director of Financial Affairs at the Saudi Ceramic Company, Financial Manager and Supervisor of Procurement and Human Resources at Dr. Mohammed Bin Rashid Alfaqeeh and Partners Company, Vice President for Financial Affairs at United Company for Investment and Real Estate Development (Almuttaded) and accountant at General Corporation for Desalination of Salt Water.

### Current Board Memberships

Board Member, United Company for Investment and Real Estate Development (Almuttaded).

### Previous Board Memberships

Board member, National Industrialization Company (Tasnee)



**2- Mr. Maher S. Alaiyadhi**

**Audit Committee Member  
Independent Member**

### Educational Qualification

Mr. Alaiyadhi holds a Bachelor's in Accounting from King Fahd University of Petroleum and Minerals in the Kingdom of Saudi Arabia in 1995. He obtained a group of certificates and qualifications such as Certified Internal Auditor (CIA), Certificate in Risk Management Assurance (CRMA), Certified Port Facility Security Officer (PFSO), and C-CIA Certified Chinese Internal Auditor. He has a long experience in internal auditing and governance.

### Work Experience

Mr. Alaiyadhi is the Chief Internal Audit Officer at the Royal Commission for Al-Ula (RCU). He also serves as an audit committee member at the Riyadh 3rd health cluster. Also, he previously assumed several positions in Saudi Aramco including Director of Audit, Chief Auditor of Saudi Aramco Dow Chemical Company "Sadara", Support Services Vice President of Saudi Center of International Strategic Partnership (SCISP), Chief Auditor at Aramco Beijing Services (ABS) and Deputy Chief Auditor of Fujian Refining and Petrochemical Company Limited JV. He has worked as a financial representative at SADAF (a subsidiary of SABIC), and as a senior auditor at Deloitte.

## 1-5 Brief Description of Board Committees' Functions and Tasks

The organizing charters of Executive Committee, Audit Committee, Nomination and Remuneration Committee, and Risk and Governance Committee, include descriptions for terms of reference of each of these Committees, and provisions of their formation, terms of membership, tasks and responsibilities, powers and authorizations, procedures and methods of their work and meetings, and obligations and rewards of the members. The formation of these Committees is as follows:

### Executive Committee:

The Executive Committee is responsible for examining the Company's strategic plans and recommending it to the Board of Directors for review and approval, examining the financial and operating performance, adopting policies, procedures, debt instruments and loans of the Company and its subsidiaries in accordance with its specific powers granted by the Board and approve the appointment of the Company's representatives in the subsidiaries' Boards of directors. The Committee may seek the assistance of external professional advisers if necessary.

The Executive Committee conducted 3 meetings during 2023 as follows:

Member's name	Type of membership	Meetings		
		27/02/2023	03/09/2023	19/12/2023
Eng. Mubarak A. Al Khafrah	Chairman	√	√	√
Eng. Talal I. Al Maiman	Member	√	√	√
Eng. Abdulrahman S. Al Sayyari	Member	√	√	√
Eng. Mutlaq H. Al-Morished	Member	√	√	√
Eng. Abdullatif K. Al-Mulhem	Member	√	√	√

### Nominations and Remuneration Committee:

The Nominations and Remuneration Committee works in accordance with its Charter approved by the General Assembly, and it is formed by a resolution from the Board of Directors and consists of minimum (3) and maximum (5) Non-executive Board members at least one of them is independent. The Committee is concerned with suggesting policies and criteria of membership in the Board of Directors and Executive Management, recommending to the Board of Directors to nominate members and re-nominate them in accordance with approved policies, identify weaknesses and strengths in the Board, review the structure of the Board and Executive Management and make recommendations on required changes and expertise. The Committee is also concerned with ensuring the independence of the independent members of the Board of Directors and that there is no conflict of interest with any member. The Committee shall also review the remuneration policy for the members of the Board of Directors, its Committees and executive management, and submit them to the Board, as well as recommending to the Board the remuneration of members of the Board of Directors, the executive committees and senior executives of the Company.



The Nominations and Remuneration Committee conducted 2 meetings during 2023 as follows:

Member's name	Type of membership	Meetings	
		05/03/2023	27/12/2023
Eng. Abdulrahman S. Al-Sayyari	Chairman	√	√
Mr. Saud S. Al Juhani	Member	√	√
Mr. Ahmed N. Al Theabi	Member	√	√

### Risk and Governance Committee:

The Risk and Governance Committee is formed by a resolution from the Board of Directors and consists of minimum (3) and maximum (5) of the Board members or others who have an appropriate level of knowledge and experience. The Committee concentrates, in accordance with its Charter, on risk management, governance and compliance, and makes its recommendations to the Board. Among the most important tasks of the Risk and Governance Committee are:

- Working with the executive management to develop a comprehensive framework for risk management, governance, compliance, and related policies that are compatible with the nature of the Company's business, activities, and the Company's objectives and strategy.
- Determining the acceptable levels of risk associated with company activities and reviewing them periodically.
- Reviewing the comprehensive compliance policies periodically to ensure their consistency with changes that may occur in the internal or external environments.

The Risk and Governance Committee conducted 3 meetings during 2023 to implement its tasks, as follows:

Member's name	Type of membership	Meetings		
		21/03/2023	12/09/2023	27/12/2023
Mr. Saud S. Al Juhani	Chairman	√	√	√
Mr. Fahad A. Al Mishal	Member	√	√	√
Mr. Musaab S. Al Muhaidib	Member	√	√	√
Mr. Badr A. Al Dakheel	Member	√	√	-

### Audit Committee:

The Audit Committee carries out its duties according to the charter approved by the Board of Directors and the General Assembly. The main responsibilities include studying and reviewing the quarterly and annual consolidated financial statements of the company, discussing them with the company's management and external auditors, and recommending them to the Board of Directors to approve and endorse them after ensuring their fairness, clarity, and compliance with the followed accounting policies, studying any important or emerging issues included in it and verify the accounting estimates and the disclosures adequacy and extent of applying the accounting policies and standards in the material matters mentioned therein, in addition to studying the adopted accounting policies and give opinion and recommendation to the Board of Directors thereon. The Committee studies and reviews internal audit reports monitor corrective actions, supervises performance and activities, ensures effectiveness in the performance of tasks and duties, and prepares reports on the opinion of the Committee on the adequacy of the internal control system in the Company and the actions it has undertaken within its scope as defined in the approved charter. The Committee also recommends the external auditors' nomination, dismissal, and fees to the Board of Directors and the General Assembly. The Committee verifies independence, objectivity, and fairness and reviews the scope, performance, audit plan, and work, including the audit report and notes on the financial statements of the external auditors.

The Audit Committee conducted 5 meetings during 2023 to implement its tasks, as follows:

Member's name	Type of membership	Meetings				
		28/02/2023	07/05/2023	30/07/2023	29/10/2023	27/12/2023
Mr. Sami A. Al Shenaiber	Chairman	√	√	√	√	√
Mr. Badr A. Al Dakhil	Member	√	√	√	√	√
Mr. Musaab S. Al Muhaidib	Member	√	√	√	√	√
Mr. Maher S. Alaiyadi*	Member	√	√	√	√	√

\* He started his membership in the Committee as a new independent member from out of the Board within the current Board term started 06/07/2022.

### 1-6 Procedures taken by the Board of Directors to inform its members, especially the non-executives, about shareholders' suggestions and remarks on the Company and its performance:

The Board of Directors is keen to address shareholders' suggestions, opinions, and remarks which come through direct contacts with the investors' relations, through the following communication channels:

- Sending their inquiries by visiting the "Contact Us" page on the Company's official website ([www.Tasnee.com](http://www.Tasnee.com)).
- Sending an email via ([ir@tasnee.com](mailto:ir@tasnee.com)).
- Calling the phone number (00966 112222205).

### 1-7 Explanation of any arrangements or assignment agreement whereby a member of company Board or one of the senior executives assigns any remuneration:

There are no arrangements or assignment agreement whereby a member of company Board or one of the senior executives assigns any remuneration during 2023.

### 1-8 Board Evaluation:

The Board of Directors conducts an annual evaluation through a questionnaire that is filled by the Chairman and members. In addition, the Gulf Cooperation Council Boards of Directors Institute (GCC BDI) has been commissioned to prepare an independent comprehensive evaluation of the performance of the Board of Directors and its affiliated committees in the first quarter of 2024.

### 1-9 Board Members Ownership:

	Board Members	Representative of	Number of Shares which represent his interest					
			Beginning of the year			End of the year		
			For Board member	For his dependents	For party he represents	For Board member	For his dependents	For party he represents
1	Mr. Mubarak A. Al Khafrh	Personal Capacity	2,290	-	-	2,290	50	-
2	Eng. Talal I. AlMaiman	Kingdom Holding Company	21,661	-	41,674,394	21,661	-	30,991,602
3	Mr. Badr A. Al Dakhil	General Organization of Social Insurance	1,800	-	73,596,993	3,800	-	33,111,253
4	Mr. Saud S. Al Juhani	General Organization of Social Insurance	-	-	73,596,993	-	-	33,111,253
5	Eng. Mutlaq H. Al-Morished	Personal Capacity	-	3,900	-	-	1,950	-
6	Mr. Musaab S. Al Muhaideb	Personal Capacity	-	-	-	-	-	-
7	Eng. Abdulrahman S. Al-Sayyari	Personal Capacity	290,000	6,570	-	130,000	7,070	-
8	Eng. Abdullatif K. Al Mulhem	Personal Capacity	1,428,503	-	-	1,428,503	-	-
9	Mr. Fahad A. Al Mishal	Personal Capacity	300	-	-	300	-	-
10	Mr. Ahmed N. Al Theabi	Personal Capacity	-	-	-	-	-	-

## 1-10 Senior Executives Ownership

	Senior Executives	Position	Number of Shares which represent his interest			
			Beginning of the year		End of the year	
			For Senior Executive	For his dependents	For Senior Executive	For his dependents
1	Mr. Mutlag H. Al Morished	Board Member & Chief Executive Officer	-	3,900	-	1,950
2	Mr. Fawaz M. Al Fawaz	Executive Vice President, Finance & Support Functions	5,000	-	5,000	-
3	Dr. Fadi M. Tarabzoni	Executive Vice President, Metallurgy	-	-	-	-
4	Dr. Zekeriyya Gemici	Executive Vice President, Strategy & Growth	-	-	-	-
5	Dr. Sulaiman S. Al Khattaf	Vice President, Technology and Innovation	-	-	-	-
6	Eng. Khalid A. Al Khater	Vice President, Manufacturing	-	-	-	-
7	Eng. Yasser F. Al Daajani	Vice President, Commercial and Business	10,000	-	10,000	-
8	Eng. Saeed A. Al Ajrafi	Vice President, Downstream	10,000	-	10,000	-

There is no interest in contractual securities or debt instruments for any of Company Board members, senior executives or their relatives.

## 1-11 Remunerations:

The policy of awards and compensation of the Board and its Committees as well as the executive management is aligned with the Company Bylaws and the policy of Remunerations policy of Board members, Committee members and executive management that was approved by the General Assembly on 31/12/2017, complying with the terms and conditions of the Corporate Governance Regulations issued by Capital Market Authority. The policy explains the standards on which the awards of Board members and Committees members and executive management are based, and underscore the importance of conformity with the Company's strategy and goals. Awards are given in order to encourage Board members and executive management to lead the Company to success. Rewards are determined based on tasks, responsibilities, and achieved performance level.

The company strives to create an attractive work environment for the best talents and expertise, ensures that these remunerations are appropriate for the nature and size of the Company's business. It also ensures there are no conflicts of interest and no substantial deviation between these rewards and the policy Remunerations policy of Board members, Committee members and executive management.



## Board Members and Committees' Remunerations:

Board Members	Fixed Remunerations									Variable Remunerations						End of service award	Grand total	Expenses allowance
	Specific Amount*	Allowance for attending Board Meetings	Committees Membership	Committee members awards	Allowance for attending Committee meetings	In-Kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing director, or the secretary, if a member	Total	A percentage of profits	Periodical Remuneration **	Short term incentive plans	Long term incentive plans	Granted shares	Total			
Non-executive Members																		
Eng. Mubarak A. Al Khafrah	214,362	12,000	Executive	100,000	9,000	*164,638	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Eng. Talal I. Al Maiman	350,000	9,000	Executive	100,000	9,000	-	-	-	468,000	-	-	-	-	-	-	-	468,000	-
Mr. Badr A. Al Dakhil	267,000	12,000	Risk/Audit	200,000	21,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Mr. Saud S. Al Juhani	276,000	12,000	Risk/Nominations and Remuneration	200,000	12,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Total	1,107,362	45,000		600,000	51,000	164,638	-	-	1,968,000	-	-	-	-	-	-	-	1,968,000	-
Independent Members																		
Mr. Musaab S. Al Muhaideb	264,000	12,000	Risk/Audit	200,000	24,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Eng. Abdulrahman S. Al-Sayyari	276,000	9,000	Executive/ Nominations and Remuneration	200,000	15,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Mr. Abdullatif K. Al Mulhem	350,000	12,000	Executive	100,000	9,000	-	-	-	471,000	-	-	-	-	-	-	-	471,000	-
Mr. Fahad A. Al Mishal	350,000	12,000	Risk	100,000	9,000	-	-	-	471,000	-	-	-	-	-	-	-	471,000	-
Mr. Ahmed N. Al Theabi	350,000	12,000	Nominations and Remuneration	100,000	6,000	-	-	-	468,000	-	-	-	-	-	-	-	468,000	-
Total	1,590,000	57,000		700,000	63,000	-	-	-	2,410,000	-	-	-	-	-	-	-	2,410,000	-
Executive Members																		
Eng. Mutlaq H. Al-Morished	350,000	12,000	Executive	100,000	9,000	-	-	-	471,000	-	-	-	-	-	-	-	471,000	-
Total	350,000	12,000		100,000	9,000	-	-	-	471,000	-	-	-	-	-	-	-	471,000	-
Members of Audit Committee from outside the Board																		
Mr. Sami A. Alshenaiber	-	-	Audit	100,000	15,000	-	-	-	115,000	-	-	-	-	-	-	-	115,000	-
Mr. Maher S. Alaiyadhi	-	-	Audit	100,000	15,000	-	-	-	115,000	-	-	-	-	-	-	-	115,000	-
Total	-	-		200,000	30,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-

\* The Board of Directors recommends to the General Assembly to approve paying an award of SAR 350,000 for every Board member for the year 2023. This was added to the 21st Extraordinary General Assembly Meeting Agenda for voting.

\* A car is provided to the Chairman.

## Senior Executives' Remunerations (SR'000):

Following aggregate is for five senior executives who received the highest awards and compensation, including the CEO and the CFO	Fixed Remunerations				Variable Remunerations						End of service award	Total Remunerations for Board executive, if any	Aggregate Amount
	Salaries	Allowances	In-Kind Benefits	Total	Periodical Remuneration	profits	Short term incentive plans	Long term incentive plans	Granted shares	Total			
<b>Total</b>	<b>14,454</b>	<b>5,399</b>	<b>-</b>	<b>19,853</b>	<b>-</b>	<b>-</b>	<b>10,407</b>	<b>-</b>	<b>-</b>	<b>10,407</b>	<b>5,044</b>	<b>471</b>	<b>35,305</b>



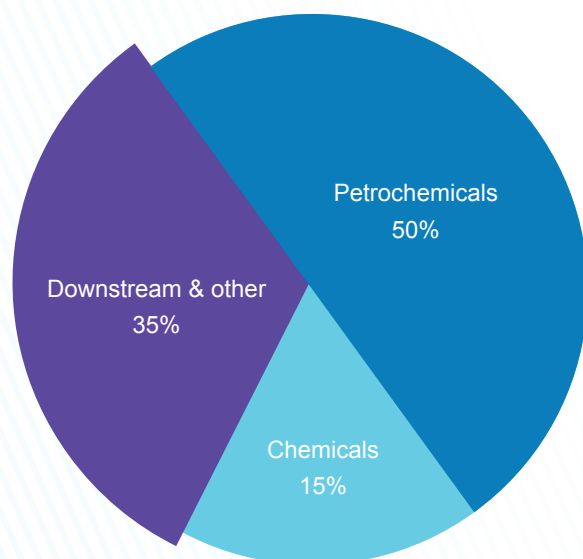
## 2- Operational and Strategical Performance



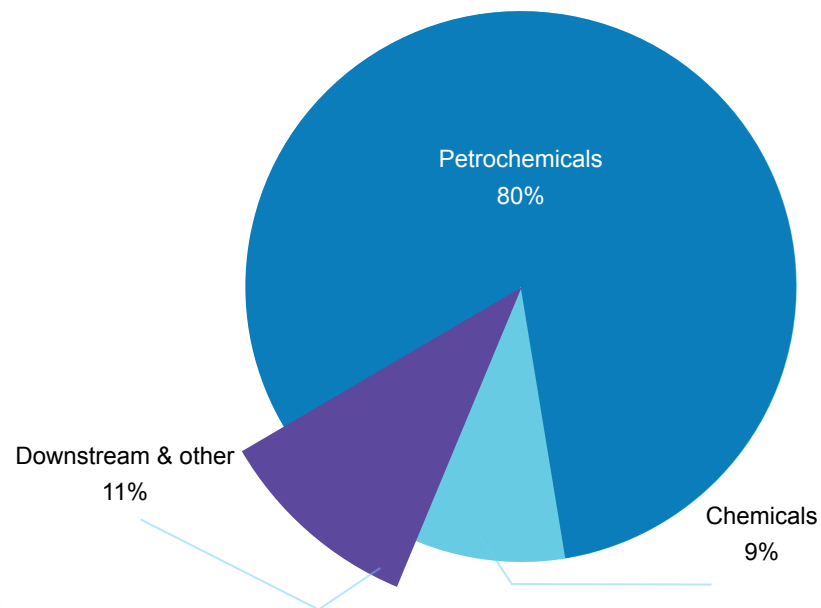
## 2- Operational and Strategical Performance

### 2-1 Revenues per Activities (SR'000)

Activity	Revenues per Activities as per IFRS		Revenues per Activities	
	Revenue	Percentage	Revenue	Percentage
Chemicals	538,283	15%	997,912	9%
Petrochemicals	1,769,271	50%	9,333,557	80%
Downstream & other	1,259,405	35%	1,297,685	11%
Total	3,566,959	100%	11,629,154	100%



Revenues per Activities as per IFRS

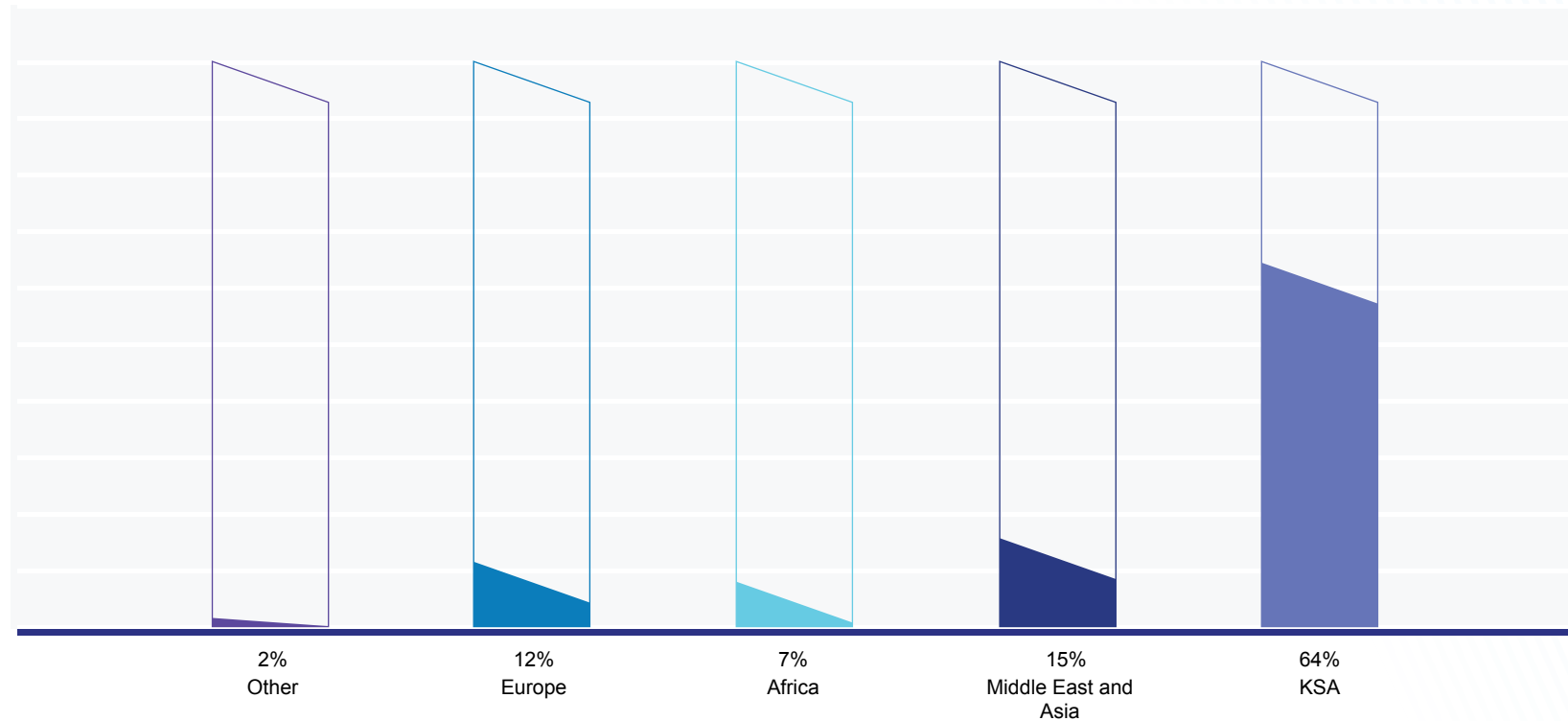


Revenues per Activities

## 2-2 Geographic Analysis of Revenues (SR'000)

The revenues achieved result mainly from the marketing of petrochemical, chemical and industrial products and are based on audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as follows:

Region	Chemicals	Petrochemicals	Downstream & other activities	Total	Percentage
KSA	495,985	1,020,586	775,285	2,291,856	64%
Middle East and Asia	-	257,749	275,869	533,618	15%
Africa	-	85,783	149,952	235,735	7%
Europe	42,298	353,905	34,974	431,177	12%
Other	-	51,248	23,325	74,573	2%
Gross total	538,283	1,769,271	1,259,405	3,566,959	100%





## 2-3 Future Plans and Expectations

The company's strategic plans as determined by the Board of Directors is focused on developing its business and always plans to continue to improve its performance by increasing the efficiency of operations, reliability of plants, reducing costs, enhancing its earnings through optimal utilization of its assets, human and financial resources, and leveraging its capabilities through digital transformation through supply and value chains.

The company is searching for various investment opportunities and strategic partnerships as well as exploring new horizons inside and outside the Kingdom which contributes to the growth of profits and the rights of its shareholders and strengthen its competitiveness.

### Plants Reliability

Part of plants reliability improvement, the company plans for scheduled shutdown to execute the maintenance activities during 2024 as follows:

- Saudi Acrylic Monomers Company (SAMCO) plans for scheduled shutdown of 34 days in Butyl Acrylate (BA) in the 1st quarter.
- Saudi Butanol Co. (SABUCO) plans for scheduled shutdown of 21 days in Butanol plant in the 1st quarter.
- Saudi Acrylic Acid Co. (SAAC U&O) plans for scheduled shutdown of 11 days in utilities plant in the 1st quarter.
- Saudi Ethylene and Polyethylene Company (SEPC) plans for scheduled shutdown of 21 days in Low Density Polyethylene (LDPE) plant in the 2nd quarter.

### Environment

In line with the kingdom 2030 vision, Tasnee have developed a decarbonization roadmap including the latest technologies and configurations to decarbonize Tasnee's petrochemical complex in Jubail, with the ultimate goal of achieving net zero carbon gas emissions by 2060.

In the beginning, an emission baseline audit was conducted to establish current direct emissions (scope1) and indirect emissions (scope 2) and a reference point based on operations in 2025 was established including future brownfield expansions. Scope 1 has been estimated to ~65% whereas scope 2 has been estimated to be ~35% of the total annual emissions.

The roadmap includes a hybrid approach featuring hydrogen refueling and post-combustion carbon capture as well as addressing plant reliability issues. A phased deployment of the roadmap is considered between 2025-2060 to allow for a smoother expenditure profile. This will give flexibility to Tasnee when planning for financing and project sanctioning. It will also allow the possibility to adapt to new policies and key drivers (such as technology development) which may affect the timing of deployment in the future.

### Economic outlook

The global economy, which exhibited considerable resilience in 2023, is expected to face increased challenges in 2024 with a projected growth rate of 2.9 percent, significantly lower than the average of 3.8 percent recorded between 2000 and 2019. Developing economies are expected to fare better while developed economies to be more heavily impacted. The Chinese economy is under strain due to various factors including weak property market, lower government stimulus, poor demand for goods and shrinking population. Others countries struggle with currency and debt issues. Additional risk of downside arise primarily from inflation and geopolitical factors. While headline inflation has declined, core inflation is declining slower; and it is anticipated that inflation will only return to target levels by 2025. Hence, reduction in interest rates will likely be towards the second half of 2024. However, the ongoing geopolitical tensions in Russia, the Middle East and the Red Sea, in particular, have the potential to disrupt the recovery by causing disruptions in supply chains, leading to higher costs, trade disruptions and energy cost spikes. Furthermore, elections in countries such as the US, India, the EU, and Russia have the potential to alter global dynamics impacting trade and costs.

The petrochemicals industry is significantly influenced by the prevailing macroeconomic conditions, and it is expected that demand will be suppressed due to customers experiencing tight credit and looming uncertainty. The combination of weak demand and excessive production capacity will keep prices at lower levels, while higher costs will squeeze profit margins. Any surge in energy prices, resulting from disruptive events, will further strain margins as the market will struggle to absorb major price hikes. Moreover, there is an added risk of changes to trade and environmental regulations that could affect supply/demand balances, incur additional costs, result in delays and complicate global trading scenario. Overall, 2024 to be a challenging year leading to a brighter 2025.

## 2-4 Subsidiaries, Associates, Joint Ventures and Joint Operation Companies:

No.	Name of company	Company headquarters	Company activity	Capital in (SR'000)	Type	Ownership
1	Tasnee & Sahara Olefins Company	Riyadh	Establishment, management, and possession of petrochemical and chemical projects and marketing their products	2,830,000	Closed joint stock	60.45%
2	Saudi Ethylene and polyethylene Co.	Jubail Industrial city	Producing ethylene and polyethylene and propylene	2,737,520	Limited liability	45.34%
3	Saudi Acrylic Acid Company Ltd.	Headquarters in Riyadh, and main operations in Jubail Industrial city	Establishing and operating projects of acrylic acid and its derivatives	1,777,000	Limited liability	52.29%
4	Saudi Acrylic Monomer Company	Jubail	Production of Glacial acrylic acid and raw acrylic acid and Butyl acrylate	1,084,500	Limited-liability	39.22%
5	Saudi Acrylic Polymers Co. Ltd.	Jubail	Production of super absorbent polymers	416,400	Limited-liability	52.29%
6	Saudi Butanol Company Ltd.	Jubail	Production of butanol	486,000	Limited-liability	17.43%
7	Al-Rowad National Company for Plastic Ltd.	Riyadh	Establishment of industrial projects of plastics and transforming	268,000	Limited-liability	100%
8	Rowad Global Packaging Company Ltd.	Dammam	Production of Polypropylene films and polyethylene	130,000	Limited-liability	100%
9	Rowad International Geosynthetics Company Ltd.	Dammam	Manufacturing of industrial membranes	20,000	Limited-liability	100%
10	Saudi Clariant Company for Dyes	Riyadh	Producing industrial dyes and paint	50,000	Limited-liability	40%
11	National Lead Smelting Company Ltd.	Riyadh	Recycling of industrial used batteries and producing lead, polypropylene and sodium sulphate from consumed batteries	44,000	Limited-liability	100%

No.	Name of company	Company headquarters	Company activity	Capital in (SR'000)	Type	Ownership
12	Technical Tertravalent Lead Smelting Plant Ltd.	Jeddah	Producing pure and mixed lead and polypropylene	4.000	Limited-liability	100%
13	National Batteries Company Ltd.	Riyadh	Producing car batteries	60.000	Limited-liability	90%
14	National Operation and Industrial Services Co. (Khadamat) (under liquidation)	Riyadh	Marketing, selling and distributing industrial products	30.000	Limited-liability	100%
15	National Marketing and Industrial Services Company Ltd.	Riyadh	Import, export, whole sale, retail, marketing to others, selling and distribution of industrial products	30	Limited-liability	100%
16	National Inspection & Technical Testing Co. Ltd. (FAHSS)	Dammam	Providing technical services in the field of testing, calibration, maintenance and quality management systems inside Kingdom of Saudi Arabia	7.170	Limited-liability	74.90%
17	TUV Middle East	Bahrain	Providing technical services in the field of testing, calibration, maintenance and quality management systems in Arabian Gulf countries	700.000 Bahraini Dinar	Limited-liability	74.90%
18	Taldeem Plastic Solutions Company	Hail	Producing, forming, importing, exporting and distributing of all plastic products	210.000	Limited-liability	100%
19	Al-Khadra Environment Company for Industrials Waste Management (Khadra)	Jeddah	Buying, selling, collecting and recycling of batteries, plastic and industrial materials	5.000	Limited-liability	100%
20	National Titanium Dioxide Company Ltd. (Cristal)	Jeddah	Establishing and industrial projects for Titanium and related materials	2.362.500	Limited-liability	79%
21	Advanced Metal Industries Cluster Company, Ltd. (AMIC)	Jeddah	Establishing and managing industrial projects for Titanium and related materials	1.687.500	Limited-liability	89.5%
22	Advanced Metal Industries Cluster and Toho Titanium Metal Co. (Ltd) ATTM	Yanbu	Producing Titanium Sponge	450.000	Limited-liability	58.18%
23	National Industrialization Petrochemicals Marketing Company	Riyadh	Marketing chemical, petrochemicals and plastic materials	5.000	Limited-liability	100%
24	Saudi Polyolefin Company	Jubail	Producing polypropylene	600.000	Limited-liability	75%
25	Nipras National Technology Company (NNTC)	Jubail	Developing the scientific and technical side in petrochemicals and related industries	6.500	Limited-liability	100%

No.	Name of company	Company headquarters	Company activity	Capital in (SR'000)	Type	Ownership
26	National Metals Manufacturing and Casting (MAADANIYAH)	Jubail	Iron, transforming and base engineering industries	354.000	Listed	34.93%
27	Tasnee North Africa Company	Tunis, Tunisia	Marketing the company petrochemicals materials in North Africa	5.000 Tunisian Dinar	Limited-liability	100%
28	Tronox Holdings plc (Tronox)	Stamford, Connecticut, United States	Establishing and industrial projects for Titanium and related materials	USD 2,066 Million	Listed	18.94%
29	Tasnee Marketing International Company (TMIC)	Riyadh	Wholesale of chemical fertilizers and livestock feed for pharmaceutical feed additives	26,667	Limited-liability	100%
30	Rowad United Marketing Company (RUMC)	Riyadh	Marketing plastic products	100	Limited-liability	100%

In addition to group of non-operational companies for other investments, these are as follows:

No.	Name of company	Company headquarters	Company activity	Capital in (SR'000)	Type	Ownership
1	National Worldwide Industrial Advancement Co. Ltd.	Riyadh	Investment in industrial project related to the company	500	Limited-liability	100%
2	National Gulf Company for Petrochemical Technology	Riyadh	Investment in industrial projects related to the company	500	Limited-liability	100%
3	National Industrialization Company for Industrial Investments	Riyadh	Investment in industrial projects related to the company	500	Limited-liability	100%
4	National Industrialization Company for Petrochemicals	Riyadh	Investment in industrial projects related to the company. It did not practice any activity during the period	500	Limited-liability	100%
5	Cristal International Holdings BV	Amsterdam, Netherlands	Investment in industrial projects related to the company	USD 10.000	Limited-liability	79%
6	Advanced Smelting Industries Co. Ltd	Jazan	Establishing and managing industrial projects for Titanium and related materials	100	Limited-liability	89.5%

## 2-5 Loans and instruments obtained by the company and its subsidiaries as per financial statements reviewed as per the international financial reporting standards "IFRS" (SR'000):

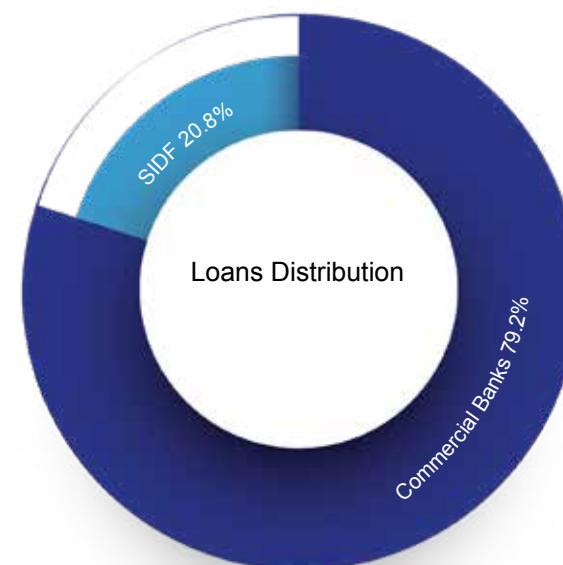
Company	Description	Original Loan amount	Opening Balance	Transferred	Drawdowns	Repayments	Closing Balance	Tenure	Lender
National Industrialization Company	Long term loans	5,000,000	3,930,000	-	-	(190,000)	3,740,000	7 – 10 years	Commercial
Advanced Smelting Industries Ltd Company	Long term loans	608,129	312,500	-	-	-	312,500	12 years	Commercial
Advanced Smelting Industries Ltd Company	Long term loans	600,000	500,000	-	-	(30,000)	470,000	14 Years	SIDF
Saudi Acrylic Acid Company	Long term loans	785,990	603,007	-	-	-	603,007	40–35 years	Commercial
Saudi Acrylic Acid Company	Long term loans	600,000	290,000	-	-	(7,000)	283,000	20–25 years	SIDF
Rowad Global Packaging Company	Long term loans	188,650	41,600	-	-	(26,000)	15,600	10–12 years	SIDF
Taldeem Plastics Solutions Company	Long term loans	181,950	102,253	-	-	(32,515)	69,738	8–10 years	SIDF
Saudi Butanol Company*	Long term loans	288,305	81,659	-	-	(53,328)	28,331	7 – 8 years	SIDF
Saudi Acrylics Polymer Company**	Long term loans	535,747	-	441,825	-	-	441,825	40–35 years	Commercial
Saudi Acrylics Polymer Company**	Long term loans	600,000	-	475,000	-	(7,000)	468,000	20–25 years	SIDF
Sub Total		9,388,280	5,861,019	916,825	-	(345,843)	6,432,001		
Unamortized and Accrued Financing Cost			(18,534)				35,231		
Total			5,842,485				6,467,232		

\*Partially consolidated (33.33%)

\*\*SAPCO consolidated (100.00%) This was acquired during the year and became subsidiary during the year.

## 2-6 Details of Loans (SR'000)

Loans Summary by Lender Type	2022	2023	Percentage
Commercial banks	4,845,508	5,097,332	79.2%
Saudi Industrial Development Fund (SIDF)	1,015,511	1,334,669	20.8%
Total	5,861,019	6,432,001	100%





## 2-7 Description of Debt Instruments

### Convertible debt instruments:

In 2023, the Company did not issue or grant any convertible debt instruments into shares or to any options or subscription memorandum or any similar rights.

### Transfer or Subscription rights as per debt instruments

In 2023, the Company did not issue or grant any transfer or underwriting rights as per debt instruments transferable to shares or any options or underwriting memorandums or any similar rights.

### Recoverable debts instruments rights:

In 2023, the Company had no recoverable, purchasable or cancellable debt instruments.

## 2-8 Operational Results:

The net profit for the year ended 31 December 2023 amounted to SR 175 million compared to a net profit of SR 666 million for the previous fiscal year 2022. Decrease in net profit is primarily attributable to decrease in sales revenue and share of profit from investments in joint ventures and associates due to lower average selling prices, non-cash tax charge due to change in accounting estimates with respect to the deferred tax assets related to an associate (Tronox Holdings plc.) and increase in cost of sales, selling and distribution expenses and financing costs, despite increase in sales volumes of most of the products, decrease in general & administrative expenses, impairment of non-financial assets, zakat provisions and higher Murabaha income.

## 2-9 Basic Differences in Operational Results (SR'000):

	2023	2022	Changes	Change Percentage	Remarks
Sales/ Revenues	3,566,959	3,882,862	(315,903)	(8%)	Decrease in average selling prices, partially offset by increase in sales volumes of most of the products.
Cost of Revenue	3,202,483	3,018,573	183,910	6%	Increase in cost of sales is driven by the costs associated with incremental sales volumes of most of the products.
Gross Profit	364,476	864,289	(499,813)	(58%)	Decrease in average selling prices partially offset by higher sales volumes of most of the products with the associated increase in cost of sales.
Operational Profit	413,887	1,320,783	(906,896)	(69%)	Decrease in operating profit is primarily caused by the reasons, as elaborated above.

## 2-10 Company assets, liabilities and business results for the last 5 financial years (SR'000):

Tasnee owns a good financial position and financial indicators. The following table explains the results of its efforts in the last five financial years:

	2023	2022	2021	2020	2019
Revenue	3,566,959	3,882,862	3,673,085	2,271,835	2,978,533
Cost of Revenue	3,202,483	3,018,573	2,686,081	1,941,999	2,577,277
Gross Profit	364,476	864,289	987,004	329,836	401,256
Net Profit	174,568	666,346	1,356,388	(446,747)	(1,676,315)
Current Assets	7,275,061	6,308,603	6,409,266	5,172,444	5,332,532
Non Current Assets	18,106,517	18,349,299	18,570,925	17,148,422	17,436,617
Total Assets	25,381,578	24,657,902	24,980,191	22,320,866	22,769,149
Current Liabilities	7,012,155	5,448,096	4,767,853	3,640,695	3,681,998
Non Current Liabilities	6,181,305	6,814,375	8,649,430	9,097,158	8,894,529
Total Liabilities	13,193,460	12,262,471	13,417,283	12,737,853	12,576,527

## 2-11 Explanation of any divergence from accounting standards approved by Saudi Organization for Chartered and Professional Accountants:

The Company prepared its financial statements for 2023 with the comparative numbers of 2022 and in accordance with the International Accounting Standards (IFRS) approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).



## 3- Corporate Governance





## 3- Corporate Governance

### 3-1 Implemented and Non-Implemented Provisions of Corporate Governance Regulations and the reasons therefor:

The company applies the provisions of the Corporate Governance Regulations issued by the Capital Market Authority except for the following paragraph:

Article/Clause number	Wording of the Article/Clause that has not been implemented	Reasons for non-implementation
82	<p>The Company establishes programs to develop and stimulate the participation and performance of the Company's employees, provided that they include in particular the following:</p> <p>1) Forming committees or holding specialized workshops to listen to the views of the Company's employees and discuss with them the issues and topics that are the subject of important decisions.</p> <p>2) Programs to grant employees shares in the Company or a share of the profits it realizes and retirement programs, and the establishment of an independent fund to spend on these programs.</p> <p>3) Establishing social institutions for Company employees.</p>	This is a guiding article. The company provides communication channels with employees through human resources department, and provides incentives for employees in proportion to their performance according to the approved policies and procedures.
85	<p>The Board of Directors sets the programs and the necessary means to present the Company's initiatives in the field of social activity, and this includes the following:</p> <p>1- Establishing measurement indicators linking the Company's performance with the previous initiatives in social activity, and comparing this with other companies of similar activity.</p> <p>4- Establishing community awareness programs to introduce the Company's social responsibility.</p>	This is a guiding article. The General Assembly of the shareholders of the Company has previously adopted a social responsibility policy that defines the mechanisms of the Company's social contribution. The company's role in social responsibility and the programs it provides to the community are covered as part of its media content, and through annual reports, sustainability reports, the company's website and internal announcements to employees.
90 (b)	The disclosures in this article and in the Board report shall be pursuant to the appended schedule.	Executives management's remuneration is disclosed in aggregate as the Company seeks to avoid risks related to the competitiveness of human capital.

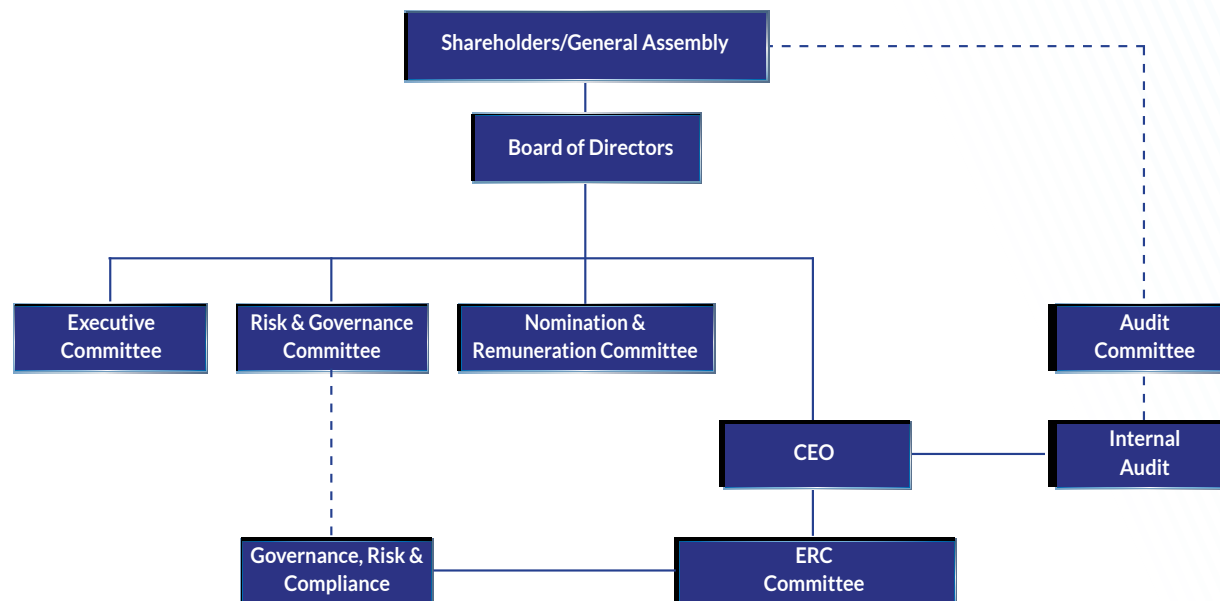
## Tasnee's Governance, Risk, and Compliance

Tasnee Governance, Risk, and Compliance (GRC) framework sets out our company-wide approach to solid governance principles, robust risk management, and compliance with all applicable regulatory requirements in order to achieve the GRC objectives. Our GRC structure is based on the top-down principles which sets a strong tone at the top in managing GRC activities in a sustainable, consistent and transparent manner.

Tasnee Board Risk and Governance Committee has the mandate to further augment the risk management effectiveness and the governance process. Executive Risk and Compliance Committee (ERC) lead by the CFO and consists of Executive Management spearheads the governance and risk management and provides oversight across the Company and its affiliates to oversee performance, develop and maintain our regulatory framework, and identify, prioritize, and manage all compliance issues.

The Company has a strong risk culture of considering all our stakeholders' in adhering to our standards and culture in executing the Company's strategy.

## Tasnee Governance Structure



Organizations operating primarily in the petrochemical and chemical industry, companies witnessed changes in business environment, including geopolitical and economic changes, inflationary pressures and high interest rates resulting in challenges and opportunities.

Tasnee has developed the necessary policies, frameworks and procedures based on internationally accepted risk management standards in order to reduce the impact of negative risks and invest in positive opportunities. Our revamped risk management program ensures that potential risks, including emerging risks, are timely identified, analyzed, quantified, effectively managed, and reported periodically to the Board of Directors.

As the Company activity includes producing and marketing petrochemical and chemical products, which may come with safety risks. The Company's operations incorporate world class safety procedures, and it invests significantly in staff training and awareness on all its safety procedures and retains the appropriate insurance on its assets and business. The Company has a robust business continuity and resiliency program which ensures safety of its people and assets, and continuity of products or services delivery in the event of crisis/disaster.

The Company gets the main part of the feedstock from the main supplier (Saudi Aramco) at prices similar to those of petrochemical companies in Saudi Arabia, and any fluctuation in feedstock prices affects its profitability. The Company achieved positive results from implementation of both performance improvement and rationalization of expenditure programs in 2023 and will continue these programs in the future. The Company is continually working on reducing the risk of price fluctuations of petrochemical and industrial products by cutting down production costs, without compromising on quality and safety, and increasing the quantities produced, thus increasing both quantities sold, and revenues generated.

The Company's activities result in different financial risks, including market, credit, and liquidity risks. These risks are managed by constant identification, measurement, and control. The Company employs various methods to mitigate these financial risks, such as utilizing the necessary derivative financial instruments for hedging exposure to foreign exchange risks and interest rates on loans, and credit risks. The Company does not use derivative financial instruments for speculative purposes.

In order to mitigate risk effects on its profitability, cash flows and ability to achieve its strategic goals, the Company has adopted programs for continually identifying, analyzing and evaluating these risks in order to avoid or minimize negative impact on the business and be prepared to deal with any potential future risks as well.

To ensure compliance with the dynamic and evolving regulatory environment in the Kingdom, the Company actively monitors the actual and potential changes in the laws and regulations so that we can address and manage the impact of those changes. Tasnee GRC function have comprehensive guidelines to stay abreast of the regulatory changes and to ensure compliance with national, and to the extent applicable international, laws, statutes, regulations.

## Top Key Risks

### Information Technology & Operational Technology Security and Reliability

- Disruption in operations, technology, and unauthorized access to sensitive data.
- Existing vulnerabilities in industrial control systems (ICS) or Operational Technology (OT) and potential cyberthreats.
- Keeping up with the new emerging cyberthreats which may disrupt the business and cause damage to Tasnee's brand

### Human Capital

Retention and attraction of critical employees to ensure business continuity is not disrupted amid stiff labor market competition.

The challenge to attract & retain high performing professionals due to:

- Emerging industries in Saudi Arabia together with government incentive.
- Establishment of new organizations/projects to achieve vision 2030

### Health Safety Environment (HSE) and Process Safety Management (PSM)

- Process Safety incidents due to non-compliance to PSM system requirements and ineffective system implementation.
- Challenges with workplace safety and integrity of operating systems and processes that handle hazardous substances.

### Geopolitical Risks and Exposures

Geopolitical tensions, recessionary pressures, inflation, volatile commodity prices could aggravate the global economic situation and potentially impact on the company from following aspects.

- Sales, Revenue and Revenues Costs
- Supply chain that impacts products shipping and raw materials

### Challenges of Compliance with ESG requirements and other Regulatory Changes

Given the dynamic, emerging and progressive regulatory environment in the Kingdom, numerous changes are introduced on a very frequent basis in the regulatory environment touching different areas including Human Resources, cyber security, environmental, financial, legislation etc. This leads to both long /short term risks as well as opportunities around the compliance with regulatory requirements especially around Environmental, Social and Governance (ESG) fronts. The ESG is becoming increasingly important for all companies. By failing to meet the ESG commitments, organizations may be exposed to a reputational risk which could impact the company competitive advantage as well as the financial results.

## 3-3 Results of the annual audit on efficiency of internal control procedures in the Company, and the view of the Audit Committee on assessing the internal controls system in the Company.

Based on the instructions of the audit committee, the internal audit department continued to provide audit services and consultations related to the scope of its work, independently and objectively, which gives value and improves the operational processes of the Company and facilitates the achievement of its strategic objectives, by using a disciplined scientific approach to evaluate the effectiveness of internal control, risk management, and governance processes.

In accordance with the best global practices applied in governance, the Internal Audit Department is functionally reporting to the Audit Committee and administratively to the Company Chief Executive Officer, with absolute authority to enter any of the company sites and access various information, documents, and issues related to the employees. It performs its tasks in accordance with the approved internal audit regulations. The Internal Audit Department carried out all its work during the year in accordance with the internal audit plan prepared on the basis of the most important risks, which was approved by the Audit Committee at the beginning of the year, with a focus on activities and operations with high risks, in order to help achieve the goals of the Company and protect its assets. A number of internal auditing processes have been implemented with the aim of determining the efficiency and effectiveness of the internal control system and procedures, and their results have been discussed and sent to the relevant departments and Strategic Business Units in the Company in order to study and address the notes and recommendations, develop the necessary corrective measures, follow up their implementation and closure within stipulated timeline with the relevant departments, and present to the Audit Committee, periodically, updated reports that clarify what has been achieved with the challenges and risks that may arise from not closing those observations and recommendations.



The Audit Committee reviewed the internal control and auditing procedures based on the tasks carried out by the Internal Audit Department, according to the plan adopted by the Audit Committee. After discussion with the Company and the external auditor on the quarter and annual results, the audit committee can give reasonable assurance about the effectiveness of the company internal audit procedures and systems, and no evidence of the existence of what should be indicated, or it is believed that there is a weakness or fundamental defect in the systems, policies and procedures of the important audit issues in the Company, noting that no absolute assurance of the effectiveness of any system of internal audit can be provided regardless of its soundness of design and the effectiveness of implementation.

### **3-4 Recommendation of the Audit Committee regarding the extent of the need to appoint an internal auditor in case such a role does not exist in the Company.**

The Company has an Internal Audit Department for auditing the Company and its affiliates.

### **3-5 Audit Committee recommendations containing conflict with Board decisions or which are rejected by the Board with regards to appointing a company accounts auditor or dismissing this company, specifying their remunerations and evaluating the performance or appointing an internal auditor, and the justifications of those recommendations and the reasons why they are rejected.**

There is no conflict between the Audit Committee and the Board of Directors' resolutions.

### **3-6 Disclosures and Acknowledgments:**

#### **1- Conflict of Interests and Competition:**

The Board of Directors acknowledges that all Board members do not have any interest either direct or indirect in the business and contracts executed for the benefit of the Company except that which is mentioned in item 3-12. The Company did not lend to any Board member or stand guarantee for any loan or liability of any kind. The Board of Directors also acknowledges that none of the members of the Board of Directors has any business competing with the company or any of the branches of activity that it is practicing and that any member of the Board of Directors is practicing or was practicing.

#### **2- Transactions with related parties:**

There were no contracts with parties related to the Board members, the Executive Management or any of their relatives, except that which is mentioned in item 3-12.

#### **3- The Board of Directors acknowledges that:**

3-1 Proper books of account have been maintained;

3-2 The system of internal control is sound in design and has been effectively implemented.

3-3 There are no significant doubts concerning the Company's ability to continue its activity.

#### **4- The Auditor's Opinion about Financial Statements**

The Auditor's report revealed that the company's financial statements were free from any substantial errors or reservations.



### 3-7 The Company's Auditors:

Based on the recommendation of the Audit Committee, the 26th Ordinary General Assembly appointed PricewaterhouseCoopers(PwC) and the external auditor to examine, review and audit the financial statements for the second and third quarters as well as the annual statements for the fiscal year 2023 and for the first quarter of the fiscal year 2024. Auditors' remuneration for the statutory audit of the Group's consolidated financial statements (including financial statements of the subsidiaries) and interim reviews amounts to SR 2.9 million (2022: SR 2.7 million), while remuneration related to other statutory and related services amounts to SR 0.4 million (2022: SR 0.5 million)."

### 3-8 Dividends Distribution Policy

Dividend distribution is one of the authorities of the General Assembly and is based on the Board of Directors' recommendation. Dividend distribution depends on net profits, capital expenditure on future investment projects, cash flows forecast, loans maturities and their settlement conditions, financial position of the company, and the general economic climate.

The general policy for distributing dividends is summarized pursuant to Article 19-4 of the Company articles of association, which stipulates distribution of annual net profit after deducting all overheads and other costs as follows:

A. Allocation for Zakat

B. Taking into consideration the provisions of other relevant regulations, 10% is to be kept aside as a statutory reserve and the ordinary general assembly may stop this sparing whenever the mentioned statutory reserve reaches 30% of paid up capital.

C. To distribute a first payment which must not be less than 5% of the paid-up capital, to shareholders.

D. To distribute the remainder as an additional share of profits without prejudice to the provisions of the Articles 14-10 (B), 19-4 and 19-5 of the Company ByLaws, and due to the results of the financial results and its cash flows, the Board of Directors did not recommend the distribution of cash dividends for the financial year ending on 31 December 2023 to the General Assembly.

### 3-9 Investors Relations:

The Company always dedicates great importance to its investors and is keen to provide them with performance results and the latest developments in a timely manner, providing them the suitable means to review the Company activities, investments, financial results and all other important information. Therefore, the company has updated its website and developed a special section for investor relations on the company's website that includes all information of interest to the investor in a professional and interactive manner that matches international best practices. It includes Board reports, financial statements, sustainability reports, and disclosures published on the company's page on the stock exchange (Tadawul) website. In addition, the company held several meetings with the investment community, including local and international investors and analysts.

In addition, the Company has developed a search engine on its website for helping shareholders (or their heirs) who hold paper certificates to confirm their share ownership. Investor relations department supports those certificate holders transferring their shares into electronic portfolios after completing regulatory procedures with the Securities Depository Center Company (Edaa). Also, IR provides uncollected dividends details, if any

The company's investor relations department applies best practices and standards in order to achieve the highest levels of active participation with the investment community. The company's management continues to work on the principle of disclosure and transparency and always strives to meet the statutory requirements of the Capital Market Authority and ensure commitment to protecting the rights of shareholders and other stakeholders.

### 3-10 General Assembly and Board Participation:

The Company held one meeting of the Ordinary General Assembly during the year, on 10/04/2023, remotely. The meeting was attended by the following Board members:

No.	Name	Attendance of Meetings
		26th Ordinary General Assembly Meeting on 10/04/2023
1	Eng. Mubarak A. Al Khafrah	√
2	Eng. Talal I. Al Maiman	√
3	Mr. Badr A. Al Dakheel	√
4	Mr. Saud S. Al Juhani	√
5	Eng. Mutlaq H. Al Morished	√
6	Mr. Musaab S. Al Muhaideb	√
7	Eng. Abdulrahman S. Al-Sayyari	√
8	Eng. Abdullatif K. Al Mulhem	√
9	Mr. Fahad A. Al Mishal	√
10	Mr. Ahmed N. Al Theabi	√

The meeting covered the following:

1. Approving the Board of Directors' report for the fiscal year ending on 31/12/2022.
2. Approving the auditor's report for the fiscal year ending on 31/12/2022.
3. Approving the Company's financial statements for the fiscal year ending on 31/12/2022.
4. Approving the appointment of Price Waterhouse Coopers (PwC) as external auditor, based on the recommendation of the Audit Committee; to examine, review and audit the financial statements for the second and third quarters as well as the annual statements for the fiscal year 2023 and for the first quarter of the year 2024, and to determine the auditor's fees.
5. Approving the business and contracts concluded between National Industrialization Petrochemicals Marketing Co. (TASNEE subsidiary company) and Non-Woven Industrial Fabrics Company, which is a subsidiary of Al-Khafrah Holding Company in which the Chairman of the Board Eng. Mubarak Abdullah Al-Khafrah has a direct interest. The transactions include various purchase orders for polypropylene materials. The total purchase during the fiscal year 2022 amounted to SAR 19,146,006 and there are no preferential conditions.

6. Approving the business and contracts concluded between National Industrialization Petrochemicals Marketing Co. (TASNEE subsidiary Company) and the Converting Industries Company Ltd. (an affiliate of Al-Shaer Trading, Industry and Contracting Company) in which the Board Member Dr. Talal Ali Al-Shair has a direct interest. The transactions include various purchase orders for polyethylene materials. The total purchase during the fiscal year 2022 amounted to SAR 21,890,736 and there are no preferential conditions.

7. Approving paying an amount of SAR 3,500,000 as remuneration to the Board members for the fiscal year ending on 31/12/2022.

8. Approving the discharge of the members of the Board of Directors for the fiscal year ended 31/12/2022.

### 3-11 Description of any interest in the category of voting right shares belonging to persons (other than Board directors, senior executives and their relatives) who sought information from the Company about those rights pursuant to Article 45 of the Registration and Entry Rules, and about any change in those rights during the last financial year:

Null.

### 3-12 Description of Any Deal between the Company and a Related Party

Related Party	Type of Relationship	Type of Deal	Duration	Total Deal Value
Eng. Mubarak A. Al Khafrah – Chairman of the Board of Directors	Direct interest	The National Industrial Marketing Company for Petrochemicals, a subsidiary of Tasnee, has entered into a purchase order for polypropylene with the Industrial Non-Woven Fabrics Company Commercial Registration No. 2055014696 (a subsidiary of Al-Khafrah Holding Company, in which the Chairman of the Board Eng. Mubarak A. Al-Khafrah has a direct interest) . There are no preferential conditions.	The supply takes place through purchase orders and not through contracts of limited duration	The total purchase value in 2023 was SR13,903,993

### 3-13 Explanation of any arrangements or assignment agreement whereby a shareholder of Company assigns any right in profits:

There are no arrangements or assignment agreement whereby a shareholder of Company assigns any right in profits.

### 3-14 Disclosure of details of treasury shares kept by the Company and usage details of these shares:

There are no treasury shares kept by the Company and usage details of these shares.

### 3-15 Statement of the value of any investments or reserves for the benefit of Company employees:

There are no investments or reserves for the benefit of Company employees.

### 3-16 Zakat and Regular Payments

Statement	2023		Brief description	Reasons
	Paid	Due until the end of the financial year and not settled		
Zakat	135,103,250	264,400,000	Includes consolidated zakat of the Company and its subsidiaries	Compulsory
Tax	229,031,692	33,126,000	Includes income tax and its down-payments, VAT and withholding tax	Compulsory
GOSI	87,706,682	-	Subscriptions	Compulsory
Visas and passports costs	1,023,888	-	Fees payable for exit and return visas and Iqama renewals	Compulsory
Labor Office fees	2,798,825	-	Fees payable for extraction and work permit renewals	Compulsory
Total	455,664,337	297,526,000		

**3-17 Number of Company requests to shareholders record and dates and reasons for the requests:**

Number of Requests	Request date	Request Reasons
1	26/01/2023	Company Procedures
2	10/04/2023	General Assembly
3	28/08/2023	Other
4	05/09/2023	Other
5	20/09/2023	Other
6	05/11/2023	General Assembly

**3-18 Penalties and Sanctions Applied on the Company:**

No penalties or sanctions applied on the Company by the Authority or any supervisory, regulatory or judicial party during 2023.





## 4- Achievements per Sectors





## 4-1 Strategy and Growth

## Tasnee Strategy

### OUR VISION:

To optimize stakeholders' returns and contribute to industrialization by pursuing ambitious opportunities.

### OUR MISSION:

To consistently operate at high standards of agility, efficiency, sustainability and innovation in the petrochemicals industry.

### OUR STRATEGIC PRINCIPLES

- SP1. Shareholders value
- SP2. Resilience and sustainability
- SP3. Care for employees and community

### OUR STRATEGIC PILLARS

- P1: Create more value from our assets with efficiency and sustainability
- P2: Grow our petrochemicals business
- P3: Improve and reshape our portfolio

### OUR CORPORATE GOALS

- Double our revenue by 2030
- Ensure all Tasnee portfolio companies generate positive economic return by 2026
- Be among the top quartile among Saudi Petrochemicals companies in terms of return on invested capital
- Reduce voluntary employee turnover
- Fill at least half of our managerial positions from within by 2030
- Achieve net-zero carbon emissions by 2060

### OUR CORE VALUES

Excellence		Integrity
Teamwork		Seeking Knowledge

In year 2023, significant progress was made towards achieving Tasnee corporate goals, consistent with all three of our strategic pillars.

Supporting Tasnee's ambition to increase its revenues and grow its petrochemicals business, an EPC contract was awarded in December 2023 to expand the SEPC ethylene cracker plant. As a result of this project, olefins production will increase by 18% by the first half of 2026.

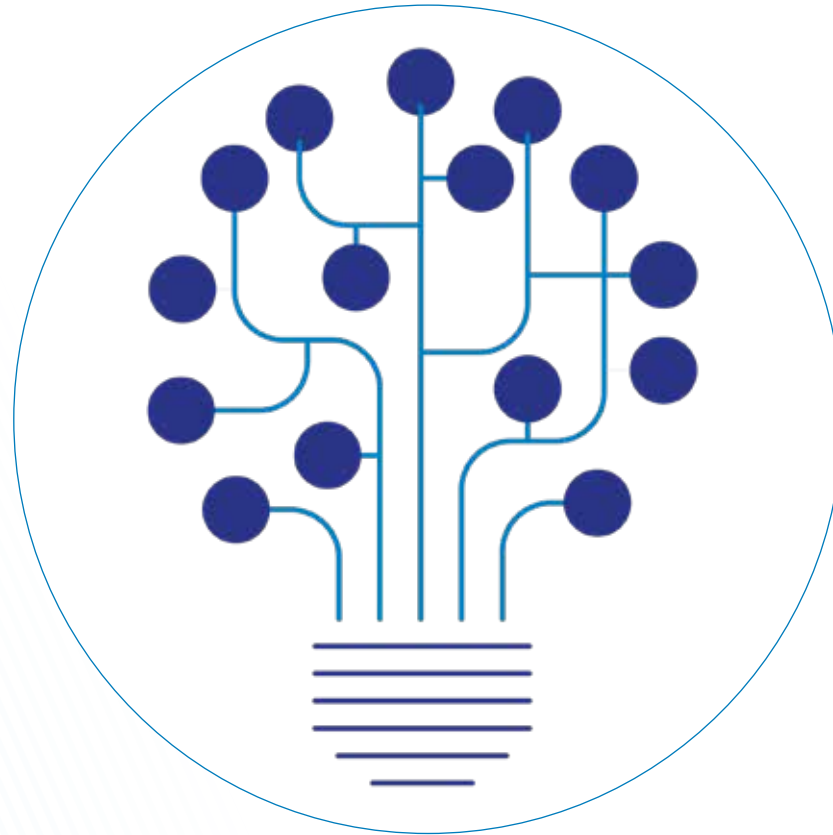
Various new greenfield and brownfield growth projects, as well as potential M&A initiatives, continue to be developed and actively pursued in order to grow Tasnee's petrochemicals business and to optimize the TASNEE business portfolio.

Due to changing industry structure and disappointing market developments, the acrylics complex (comprised of SAAC, SAPCO and SAMCO) decelerated Tasnee's return on invested capital for many years, requiring significant cash injections to support these joint venture companies to continue their operations and service their debts. In 2023, major milestones were achieved in terms of restructuring the acrylics complex to reduce shareholder support requirements. SAPCO shareholding structure and the license agreement were renegotiated in 2023, removing all market territory restrictions and increasing the

licensed capacity by 50% at no cost to Tasnee. In addition, significant progress was made towards achieving a sustainable capital structure at the acrylics complex; the ongoing restructuring effort is expected to reach a conclusion in year 2024.

The Petrochemicals Excellence Program (PEP) continued yielding benefit in 2023, increasing Tasnee's return on invested capital and asset efficiency. 2023 was another stellar year in terms of the operational performance of the Tasnee Petrochemicals Complex, as detailed in the Petrochemicals SBU update section of this report.

With the promising operating performance of Tasnee assets and intensifying growth efforts in the petrochemicals domain, we are confident that Tasnee employees will find greater opportunities for growth and career progression within Tasnee, in support of our corporate goals of reducing voluntary turnover and promoting employees from within the organization.



## 4-2 Technology and Innovation



The Technology and Innovation (T&I) center continues to play a crucial role within Tasnee, driving Research and Development activities to support the company's businesses activities. Throughout the year 2023, T&I has made significant steps in improving and developing various areas, including polymer, petrochemicals, modeling, and analytical lab capabilities. These advancements have fortified Tasnee's position in the market and enabled the company to meet the ever-growing business demand.

T&I launched a new development grade, caps & closures, for Carbonated Soft Drink (CSD) applications. It is a new grade to be added in Tasnee portfolio once completed. Commercial trials were completed, now it is in the final step, analysis of its property's performance is in progress. Leveraging our pilot plant polymerization facility, we have demonstrated our ability to deliver tailored solutions that meet the unique requirements of specific industries.

T&I's focus on development projects has yielded many achievements, including strategic grades such as high-speed raffia grade, high tenacity and high elongation staple fiber grade. Additionally, T&I has been instrumental in the development of next-generation products like plastic pallets and local content premium compound/masterbatches. These advancements, such as slip-antistatic combination masterbatch for BOPP, cost-effective agri-film formulation development, optimization, and impact modifier development, have contributed to Tasnee's competitiveness in the market.

Contribution to local content has been a key priority for T&I, with projects using Tasnee PE

100 material for electrofusion fittings and High NCTL geomembrane, among others. These initiatives not only support local manufacturing but also enhance our ability to meet the specific requirements of our customers.

In line with Tasnee's strategy for the superabsorbent polymer business, T&I has successfully developed an improved grade, SXM 9155, at the lab scale. This achievement demonstrates our commitment to innovation and meeting the evolving needs of our customers.

The commitment to innovation and excellence exhibited by T&I is reflected in the filing of ten patents application during 2023. These patents applications signify our dedication to pushing the boundaries of technological advancement and securing our position as industry leaders.

In 2023, T&I played a crucial role in leading Tasnee Product Stewardship, ensuring the safety and environmental impact of our petrochemical products. Our products are registered for European REACH and pre-registered for Turkish KKDIK, along with Bureau of Indian Standards (BIS) certification, based on the specific requirements of each market. By closely monitoring global regulatory changes, the T&I team remains proactive in safeguarding the business and adapting to evolving compliance standards.

Furthermore, T&I has extended its technical support to plant troubleshooting, cost reduction through process optimization, and evaluation/qualification of raw materials and catalysts for petrochemical plants. Our expertise in modeling

and simulation has been instrumental in improving overall processes, conducting theoretical studies, and addressing process-related challenges.

In our pursuit of continuous improvement, T&I has collaborated closely with our licensors, to enhance our technological knowledge and troubleshooting capabilities. Training programs, technical exchange meetings, and collaboration with industry experts have further augmented our expertise.

T&I is in line with global decarbonization strategy and is fully committed to achieving carbon net zero by 2060, as outlined in our developed and agreed roadmap. To this end, a comprehensive Decarbonization Execution Plan was developed and initiated a solar PV installation project at T&I site. These initiatives demonstrate our proactive approach to environmental sustainability and our determination to contribute to a greener future.

T&I has been actively involved in various industry forums and committees to support the development of Saudi standards. Our participation in meetings with SASO plastics committee exemplifies our commitment to shaping industry regulations and ensuring the highest quality standards.

Looking ahead, T&I remains steadfast in its commitment to technological advancement, innovation, and sustainable practices. With a dedicated team of experts and a robust R&D infrastructure, we are well-positioned to drive TASNEE's growth and continue delivering value to our customers and stakeholders.



## 4-3 Petrochemicals Business

In 2023, Petrochemical Strategic Business Unit has demonstrated a full commitment to safety, health and environment, operational excellence and efficiency, quality, as well as sales and marketing. PetChem's exceptional safety record has been further reinforced by receiving this year's award of the Occupational Safety and Health Pioneers (Labor Award) in a special event arranged by the Ministry of Human Resources and Social Development.

**EHSS Performance:** The petrochemical sector continues to adhere to the highest safety standards and initiatives that help drive plant safety performance towards excellence, particularly in the areas of risk identification and analysis, timely decision-making, and providing the required training, resources, and specialized expertise.

**Quality Management:** Year 2023 was exceptional for Tasnee PetChem Laboratory in terms of implementing the highest quality standards. The petrochemical sector, represented by QA/QC has received Chemical Safety Certification from the National Sanitation Foundation in USA, Laboratories National De Essais in France, and Underwriters Laboratories in USA for polymer products (HDPE - 100 Black) and (PP - HP 500N). In addition, TPC QA/QC has been ranked as one of top Laboratories in the kingdom in Inter-laboratory testing (ILT) program for ethylene and propylene gas samples at the region level. It was also ranked among the top ten laboratories through the International Proficiency Testing Program for Polypropylene and Polyethylene tests conducted by the American Society for Testing and Materials (ASTM).

**Reliability & Sustainability:** Petchem SBU continues to achieve excellent performance

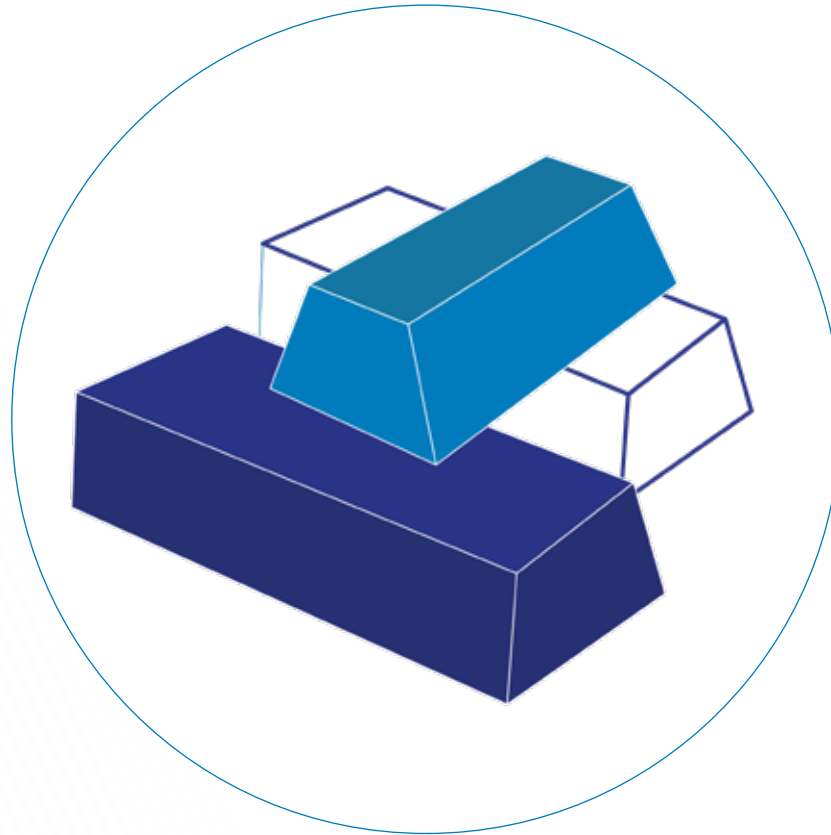
standards in a safe, reliable, sustainable, and environmentally responsible manner. This was evidenced by the company's receiving of the King Khalid Sustainability Award in the Governance category for 2023. Moreover, following its strategic roadmap actions, Petchem SBU committed to achieve the energy efficiency program targets of 2nd cycle of the Saudi Energy Efficiency Center. As production is a key pillar of operational excellence, the PetChem has continued to achieve higher performance standards, and was able to beat four records of highest production record ever and four records of second highest. Overall, the plant's reliability index was 6% higher than the average performance index of the past three years, this is a direct result of the huge reduction in the total downtime associated with reliability. The Propane De-Hydrogenation (PDH), Polypropylene plant (PP), Butanol, and Glacial Acrylic Acid (GAA) plants have achieved their highest annual production ever.

**Digitalization:** Digitalization is a powerful tool to reach company's goals, particularly following the S4Hana project's go-live in Tasnee as the first petrochemical company to work with this technology in the Kingdom of Saudi Arabia. This contributes to cost optimization, process integration, and reducing the time required to conduct necessary analyses to support appropriate decision-making.

**Sales & Marketing:** Tasnee National Petrochemical Marketing Company (Tasnee Marketing), represented by Polymer BU, achieved higher netbacks in the swing competition for all three Polymer products (Polypropylene, HD Polyethylene and LD Polyethylene) for the 3rd consecutive time. Polymer BU also broke

another record with highest sales volume in one year at 844 KMT, while also beating the market price index (ICIS) by 4% across polymers and chemicals. Tasnee, represented by the Chemicals BU, broke another record with the sales of 75 KMT of Super Absorbent Polymers (SAP) in 2023. Further, the production and sales of Butyl Acrylate (BA) also exceeded the budget. Tasnee continues to actively contribute to the Government's vision of developing the downstream industry in the local market, by maximizing sales of polymers and chemicals in the local market to the tune of 170 KMT and 23 KMT, respectively. To keep up with the dynamic global regulatory environment, the company applied and has been granted REACH and BIS certification for its polymer and chemical products.

**Business Planning & Supply Chain:** Tasnee has been efficiently managing feedstock availability through swaps and trading to support the record high production volumes in 2023. Multiple strategic agreements have also been executed with other companies in Jubail for the trade of Olefins, thereby optimizing costs and maximizing stakeholders value. The stellar sales performance was ably supported by the supply chain team with a record-breaking shipment of 1.9 Million MT of polymers and chemicals. In addition, shipment costs were reduced by more than 40% against the budget, through proactive negotiations despite the challenging market situation. Tasnee has also completed the Supply Chain Benchmark Study with Phillip Townsend Associates, a global leader in benchmarking, with remarkable results at the 1st quartile for most parameters especially in our most dominant markets, compared to other similar and bigger industry peers.



## 4-4 Metallurgy Business



In 2023, the Metallurgy Strategic Business Unit (SBU) continued its efforts towards achieving sustainable business by achieving improved safety records compared to the previous year. Driven by the notable recovery in the Titanium Sponge markets especially Aerospace sector and market opportunities that increased demand for titanium metal, the Company is correctly positioned. This allows increasing production capacity to meet the expected demand.

During 2023, the slag plant in Jazan City for Basic and Downstream Industries achieved success despite the challenges which we have experienced during the year, and we have reached 80% of the expected production capacity for the first furnace, due to various challenges that we encountered. Also, we managed to overcome some challenges and are in the process of addressing others, allowing us to advise a plan to improve operation, which laid the foundation for future successes. Some of the achievements are listed below:

- Safely increased the Furnace 1 load to 45MW any negative impact.
- Achieved an overall production of slag (Chloride) of about 93% versus a design split of 90%
- Exceeded customer quality commitment on TiO<sub>2</sub> content in slag of 2.5%.
- Successfully moved iron product grade to a Nodular quality
- Exported the Kingdom's first crude iron (37,220MT) shipment to the United States
- Successfully received raw materials through the new Jazan City for Basic and Downstream Industries' port realizing substantial cost savings
- Exceeded the loading rates at the Jazan City for Basic and Downstream Industries' port to more

than double the scheduled loading rates realising substantial cost savings.

- Achieved milestone agreement for Furnace 2 upgrade and rebuild, together with Furnace 1 optimization with the Finnish company Metso.
- Achieved Approval for 12 Halala Per KW.H. starting from Jan. 1st 2023.
- Achieved ISO 50001 certification for Energy Management based on the request of WERA to sustain the 12 Halala Per KW.H. for ASIC. This will have significant cost saving on electricity cost for the company.

On Sponge Plant (ATTM) side, despite facing financial challenges, the Sponge Plant (ATTM) demonstrated resilience and achieved significant milestones. Noteworthy accomplishments include:

- passing the first surveillance audit for the AS-9100D Space & Defense Organization certificate, re-certifying the Quality Management System ISO 9001, and completing the re-certification process for the Safety Management System ISO 45001. Additionally, progress has been made in the early surveillance process of the Environment Management System ISO 14001
- The Environmental Permit to operate has been renewed for five years.
- ATTM is actively pursuing a new certification, ISO 50001 (Energy Management System), to align with the requirements of the Saudi Energy Efficiency Center.
- Successfully passed three grade A customer audits without any major or minor non-conformity points.
- In terms of production, two ramp-ups were executed in 2023, leading to reaching full production by December. The year concluded

with actual RDP production of 12,500 MT.

- all projects were completed successfully with cost saving considerations, demonstrating cost-saving efficiencies throughout the organization.

On sales side ATTM has been qualified from (2) Aerospace customers during 2023 and working to receive qualifications from other customers in 2024.

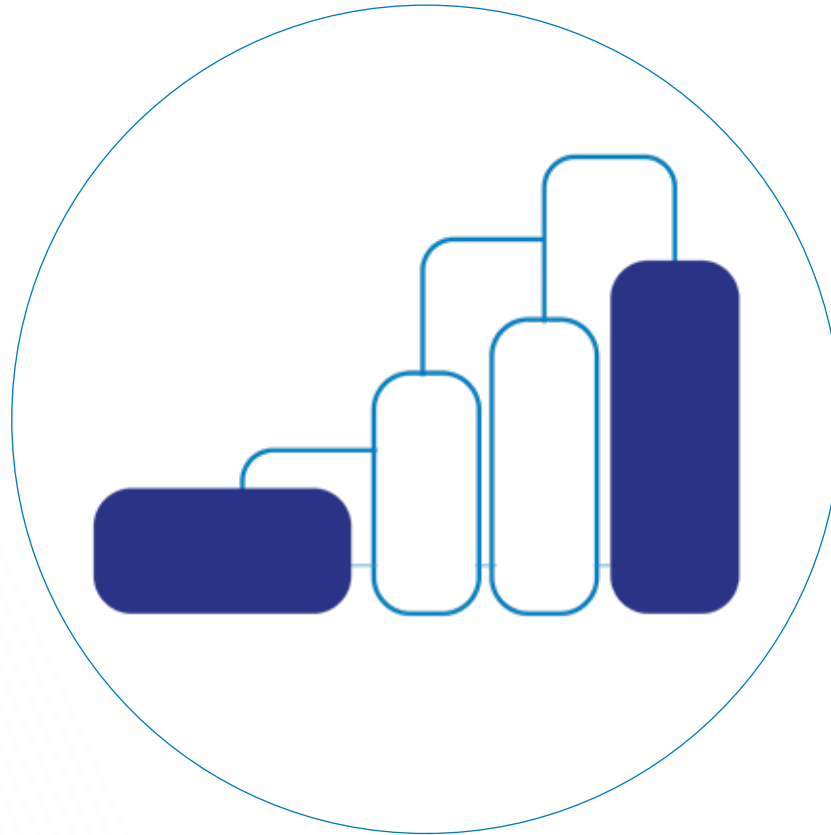
In A-Grade, all produced material is sold out to export markets (about 8,600 MT for Aerospace market mainly to US & EU and 2,100MT for Industrial application to Japan).

For B-Grade, customers base has been expanded by dealing with (5) major customers in this field beside to that an agreement has been signed with ATTM main B-Grade customer (Mast Europe) in Saudi Made Expo. Strong B-grade customer base resulting in selling about 1,400MT at higher price than the current market price.

In addition, AMIC is in negotiations with potential partner(s) for developing the Mid-Stream projects (Melt & Forge), MOU and LOI was signed with potential partner(s) to explore the cooperation opportunities with the support of government.

Moving forward to next year, our focus will continue to ensure the safety and welfare of our employees to ensure a sustainable business. Also, to ensure the completion of the Ramp Up plans for ATTM as planned and sustainable operation of the Slagger plant as well as continuing the qualification with new customers and increasing the customer base to increase sales.





## 4-5 Downstream Business

Downstream Strategic Business Unit (SBU) has delivered breakthrough results in the Fiscal Year 2023 and continued its pursuit of adding value to Tasnee's Corporate vision & strategies. Despite the regional & international markets slowdown coupled with economic meltdown in the Global and specifically MENA region and the fluctuation in raw material prices, yet the Downstream SBU has created a high value proposition for Tasnee and delivered turnaround results in key business indicators. Human capital development remained core area of focus and key positions are filled with Local talent induction.

Plastic Business Unit, succeeded to achieve benchmarking results in 2023 in most of the business lines. Rowad International Geosynthetics posted highest performing results on sales volumes and plant capacity utilization by obtaining the contracts of mega projects in the Kingdom & in the MENA region. Taldeen Pipes business expanded its market base in Northern region of KSA and delivered above 80% of the business to NEOM infrastructure project. Taldeen Injection business has continued significant growth backed by Plastic Pallets sales, whereby increase in the capacity is committed to cater long-term market demand. Agri film business sustained the business despite the financial challenges in MENA region.

Rowad Global Packaging Co. had contributed significantly to Downstream growth, posted highest ever sales historically, local market (mainly food sector packaging) served the largest percentage of the business, Central America is a new market where business footprint is expanded, supported by the reputation of high-quality BOPP products and their reliability in servicing of our existing customer base.

Rowad National Plastic Co. also succeeded in highest volume delivery in injection molding business. Our commitment to social responsibility remained top priority and added new value-added lines in our Recycling business in Riyadh plant. Recycling plant secured more suppliers for scrap materials enabled to produce the highest volume historically, adding value to the environment in accordance with the Vision 2030 of Kingdom to provide green and sustainable environment for the future generations.

Batteries and Lead business unit continued in adopting major modernization initiatives at all levels. Rasass Co. has sustained the business and demonstrated improved efficiency compared to previous years. Capacity expansion is planned for Rasass with advanced technology to capture the market share well in advance to support National Batteries Company (NBC) and

KSA market demand for the long-term. NBC has secured key agreements with key automotive players and service centers to expand the market while imported batteries still the main challenge in the market. New brands are introduced with high-performance batteries & competitive to the current market competition, The team commenced multiple initiatives to improve operational yield ratio, reduce operating cost and enhance pricing schemes in all new agreements for Battery & Lead business.

Technical Services business unit made a turnaround in 2023 by achieving positive results compared to previous years. New sectors were explored, and new services also introduced in collaboration with our partners, helped in obtaining several contracts for inspection, shutdown, accreditation audit, certification and training which also supported growth in revenue versus last year in addition to the signed long-term partnership contract with major municipalities in the Kingdom. A robust strategy is placed to enable the business unit more scaled and high impact to support Industries complying to Government and International Standards.

## 4-6 Human Resources and Training



In 2023, Human Resources in Tasnee continued with its pursuit of promoting the company values of Integrity, Seeking Knowledge, Teamwork, and Excellence as well as attracting and employing national talents. Tasnee placed great effort to invest in its most valuable asset – the people with special emphasis on developing the Saudi workforce and providing them equal opportunities to grow, develop, gain and share knowledge to contribute to nation building and supporting the Kingdom's Vision 2030.

To support the human resources strategy in 2023, a set of objectives have been achieved through several initiatives that aim at supporting the national workforce and empowering young leaders and female workforce in various positions as 27 women were employed during the year through utilizing number of available localization programs benefiting from the governmental support provided by the Ministry of Human Resources and the Human Resources Development Fund "HADAF".

Tasnee continued its efforts investing in developing young citizens programs including the Youth Development Program (YDP), Saudi Early Engineers Development (SEED), Tasnee development program for operators and technicians in Petrochemicals Complex in Jubail and Downstream Graduate Engineering Development Program (GEDP), and Cooperative training programs for university graduates, Where the total number of graduates in the various training programs reached 60 trainees, in addition to initiating "Tatwar Training Program".

Tasnee prioritized encouraging diverse learning

opportunities through the Internal Trainer Program, in which a group of Tasnee leaders contributed to training 1,679 employees, with a total of 101 training hours. This program, coupled with "Tasnee Learning Week" initiative, as well as general courses, foundational training programs, and knowledge-sharing sessions. These efforts have played a role in enhancing the concept of continuous learning and training, as well as increasing the utilization rate of the e-learning platform.

As part of our efforts to continuously improve our programs and processes we also promoted the utilization of forums both online and in person for employees to share their feedback, concerns and opinions, the overall satisfaction rate of the response reached up to 82% from a total of 4,197 tickets raised.

The "Human Resources Week" initiative was also launched with the aim of increasing employees' awareness and understanding of human resources policies and systems. Furthermore, 98% of engagement survey action items that arose from the engagement survey that was launched in 2021, has been implemented and completed. As part of recognizing the importance of employee satisfaction and achieving the highest levels of job satisfaction, the total employee rewards are regularly reviewed by identifying key internal needs compared to prevailing practices in the local and global job market.

Tasnee also targeted several awareness initiatives, including celebrating Environment Week and World Environment Day, launching an awareness campaign on home safety

and fire prevention, and organizing a lecture entitled "The Art of Stress Management" for all Tasnee employees in conjunction with World Mental Health Day. Additionally, several health campaigns were implemented in collaboration with our strategic medical partner, and a variety of recreational events were organized to improve the work environment and enhance internal communication. Furthermore, numerous sports and cultural activities were arranged for employees and their families.

Tasnee continues with its endeavor in investing in technology and automation to be at the forefront of leading companies in the industry. In 2023 Tasnee successfully redesigned and digitized more than 25 HR processes in the automated system SAP SuccessFactors, which in turn led to increased utilization of company resources, efficiency of operations and a significant reduction in cost. In addition to developing the automation of some processes through information robotics and working on plans to benefit from artificial intelligence technology in the future.

With the continued success of our initiatives in 2023 which focused on developing, training, and empowering our employees through the process of continuous performance management. The HR department will continue to support Tasnee to achieve its strategies, goals and objectives and continue its efforts to continuously improve its processes, policies, and procedures, be proactive in embracing change and overcoming challenges to increase efficiency, productivity and professional satisfaction to the future proofing our human capital.



## 4-7 Health, Safety and Environment





The year 2023 witnessed a set of successes and achievements by Tasnee at the level of occupational health, safety and environment by raising awareness, implementation and commitment in all its strategic business units. The Company was up to many challenges, whether at the level of individuals or the system in general, and it was able to overcome all obstacles and face them through full compliance with all standards and requirements of occupational health, safety and environment. It also committed to contributing to the sustainability of the environment and society and adhered to the regulations and standards of regulatory industrial entities locally, regionally and globally.

Tasnee continues to demonstrate its commitment to occupational safety. Over 100 training programs have been implemented for more than 1,000 employees. In addition, multiple workshops have been conducted to raise employee awareness, with a focus on home safety and fire prevention. Regarding occupational safety, several campaigns have been carried out to enhance the employees' understanding of safety, such as safety in confined spaces, safety in high places, and traffic safety.

In line with the global events related to occupational safety and health, a workshop titled "The Art of Stress Management" on the World Mental Health Day. In conjunction with the World Day for Health and Safety at Work, the company organized several awareness activities and training courses

aimed at increasing overall awareness of the importance of occupational safety for all employees and contractors throughout the year.

As a result of the efforts of Tasnee, its employees and relevant departments, and its successful experience in occupational safety and health, Tasnee, represented by Petrochemicals SBU in Jubail, has won the Occupational Safety and Health Pioneers Award in its third edition 2023, granted by the Ministry of HRSD as part of the competition among national companies in the private sector, as one of the Ministry's initiatives to honor the efforts of the distinguished companies under the work environment path.

As for performance indicators, the TRIR accident rate for this year was 0.19, with more than 12 million working hours without accidents affecting the production process in the Company.

In addition, PetChem SBU has cooperated with safety team to carry out several safety sessions and workshops in different aspects, through which the recent incidents, recordable injuries incidents and lessons learned have been well addressed. The said sessions and workshops main scope was to focus and promote the necessity of adhering to safety standards, reporting any safety violations, and stop working in the event of unsafe condition.

The Occupational Health and Safety Management of shared Services collaborated

with the management of the lead and battery factories to develop action plans to reduce employees' exposure to lead levels for the purpose of preserving their health. The results exceeded expectations, as the average was reduced to less than 30 milligrams per deciliter, which helped overcome one of the major challenges, thanks to Allah.

Regarding environmental conservation, Tasnee complies with all environmental protection requirements and standards, through obtaining environmental permits for all its factories and ensuring continuous coordination and monitoring by the company's Health, Safety, and Environmental department with all the Company's business units to ensure that environmental permits are valid and strictly applied.

A tree-planting campaign was launched at the petrochemical complex in Jubail and other sites, coinciding with the Saudi Environmental Week. The company also celebrated World Environment Day at the corporate level, highlighting the importance of environmental conservation and the efficient use of natural resources. The company, represented by the Petrochemical Sector in Jubail, launched an environmental awareness program at Al-Ahsa Secondary School in Jubail Industrial City, in addition to launching a cleanliness campaign at the Tasnee petrochemical complex.

## 4-8 Social Contribution



In 2023, Tasnee continued its focus on corporate social responsibility as part of its efforts to establish a strong and lasting relationship with the society. It aimed to contribute its resources to serve the community by providing tangible and positive economic and social benefit programs that align with the Saudi Vision 2030.

Approximately 70,000 beneficiaries benefited from Tasnee initiatives throughout the year, while the total number of people who benefited from the supported awareness programs exceeded 14 million beneficiaries.

Tasnee initiatives included various programs such as sustainable food provision, winter clothing distribution, orphan care, and anti-smoking campaigns. The company organized 10 volunteering programs during the year, with 121 employees participating, accumulating a total of 465 volunteer hours.

As a result of its outstanding efforts, Tasnee received honors and recognition during the year. Some examples of these honors are:

- Honored as part of the “Ehsan Platform Donors” under the patronage of HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, and with the presence of HRH Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh.
- Honored by HRH Prince Sultan bin Salman bin Abdulaziz, Special Advisor to the Custodian of the Two Holy Mosques and Chairman of the Board of Directors of the Children with Disability Association, for its successful and long-standing partnership and support.
- Honored by HRH Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province, for its support for success partners in the Eastern Province, including the Saudi Food Bank “Etaam”, Tarmeem Association, and the Orphans Care in the Eastern Province “Benaa”.
- Honored by the Governor of Jubail, Mr. Mansour

bin Zaid Al Dawood, for sponsoring and support of Jubail Horse Track activities.

- Contributing, for the third consecutive year, a donation of one and a half million Saudi riyals to support the national charitable campaign in the Kingdom, launched by the National Platform for Charitable Work (Ehsan).
- Contributing to the fundraising campaign for the relief of the Palestinian people in the Gaza under the umbrella of the King Salman Center for Relief and Humanitarian Works.
- Launching the “Cooperate in Good” campaign during the month of Ramadan, as an opportunity for employees to donate and participate in supporting charitable programs, including orphan sponsorship, mosque care, home renovation, Takaful Etaam, and more.
- As part of its partnership with the Ataam Association and its contribution to the Sustainable Food Program (Takaful Etaam), Tasnee and its employees provided sustainable care for 110 beneficiary families throughout the year. Additionally, Tasnee employees participated in the food baskets filling and distribution throughout the year.
- Tasnee and its employees continue to support the Charitable Society for the Memorization of the Holy Qur’an in Jubail through continuous monthly deduction program for 10 years.
- Contributing to winter clothing distribution to over 120 beneficiaries in collaboration with the Mobility Disability Association for Adults (Harakiah) and the Charitable Nabiya Association.
- Inaugurating the Physiotherapy Clinic at the Children with Disabilities Association headquarters, to serve about 100 beneficiary children.
- Sponsoring the anti-smoking awareness exhibition at the Riyadh Front as part of the

activities of the World No Tobacco Day 2023 campaign, under the slogan “Breathe with Purity” with the participation of Tasnee anti-smoking clinics and in cooperation with (Naqaa) benefiting over 3,000 individuals, in addition to 14 million views of the awareness film.

- Employees of Taldeen Company participated in a field event to plant 3,000 trees in the city of “Jubbah” in Hail, in collaboration with the King Salman bin Abdulaziz Royal Reserve Development Authority, coinciding with Environment Week.
- Providing sustainable care for a group of orphans in collaboration with the Charity Committee for Orphans Care “Ensan”.
- Providing school supplies for approximately 100 beneficiaries of the Orphan Care Association in Jazan Province.
- Renovating one mosque in Mecca in cooperation with the Charitable Society for Enhancing and Caring for Mosques.
- Providing a group of medical equipment to the Kidney Patients Association in Hail.

## Conclusion:

The Chairman and the Board of Directors members are pleased to extend their sincere thanks and appreciation to Tasnee’s shareholders for their valuable support and confidence, to all the company employees for their fruitful efforts, and to our partners and customers in the Kingdom of Saudi Arabia and around the world for their trust and cooperation.

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